

HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
JUNE 26, 2013
APPLICATION SUMMARY

NAME OF PROJECT: McKendree Village

PROJECT NUMBER: CN1303-007

ADDRESS: 4347 Lebanon Road
Hermitage (Davidson County), Tennessee 37076

LEGAL OWNER: Nashville Senior Care, LLC d/b/a McKendree Village
4347 Lebanon Road
Hermitage (Davidson County), Tennessee 37076

OPERATING ENTITY: Covington Senior Living, LLC
1175 Peachtree Street, Suite 350
Atlanta (Fulton County), Georgia 30361

CONTACT PERSON: Byron Trauger
(615) 256-8585

DATE FILED: March 14, 2013

PROJECT COST: \$3,808,150.00

FINANCING: Commercial Loan

REASON FOR FILING: Nursing Home Construction/Renovation in Excess of \$2 Million.

DESCRIPTION:

McKendree Village is seeking approval for the renovation, construction and partial relocation of fifty (50) existing dually-certified nursing home beds and for the modification of CN1202-010A which is a previously approved but unimplemented CON for the addition of thirty (30) dually certified nursing home beds. The renovation proposed in this project will address and improve shared mechanical, electrical, plumbing, and other building systems affecting these 80 beds.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF
HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

The applicant is not proposing to add beds, services, or medical equipment.

It appears that this criterion is not applicable.

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

The applicant is not relocating or replacing an existing licensed health care institution.

It appears that this criterion is not applicable.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The applicant is not relocating or replacing an existing licensed health care institution.

It appears that this criterion is not applicable.

3. For renovation or expansions of an existing licensed health care institution:
 - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The applicant reports that the nursing home's occupancy rate was 92% in 2012, up from 87% in 2011, and up from 83% in 2010. It appears that demand for the applicant's services has been increasing.

It appears that this criterion has been met.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The applicant states the nursing home was constructed in the 1960s and has not had a major renovation since that time so that the existing physical plant's condition warrants major renovation.

It appears that this criterion has been met.

SUMMARY:

McKendree Village is a continuing care retirement community located on 42 acres in Hermitage, a community in northeastern Davidson County. It currently consists of 39 independent living units (known as The Cottages); a 234-bed independent living facility (known as The Towers); an 85-unit assisted living facility (known as The Manor); and a 150 licensed bed nursing home plus 30 approved but unimplemented nursing home beds (CN1202-010A) (known as McKendree Health Center). The nursing home is the only entity subject to certificate of need requirements.

A brief history of the facility follows: Under previous ownership, McKendree Village was licensed for 300 nursing home beds. Fifty beds were dually certified for skilled care while 250 were certified for non-skilled care. As a result of non-compliance with Medicare and Medicaid requirements, it was decertified in November 2007. Medicare and Medicaid residents were transferred to other certified nursing homes while private pay patients remained in the facility. Following several resurveys by the Tennessee Department of Health, it was recertified effective October 2009. In June 2010, pursuant to TCA § 68-11-1628 and an agreement with National Healthcare Corporation (NHC), CN1002-007A was approved which relocated 150 beds from McKendree Village to a newly established facility owned by NHC (The Health Center of Nashville, LLC) at another location in Davidson County.

In 2011, a change of ownership occurred when Nashville Senior Care, LLC acquired McKendree Village. Nashville Healthcare Investors, LLC, owns the real estate and buildings for the various entities described above. Covington Senior

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Living, LLC is the manager. Ownership of these entities is detailed on page 7 of this summary.

Neither the current owner nor manager was involved in the prior problems leading to loss of Medicare/Medicaid certification or in the delicensure of the 150 beds. The new owners received approval at the May 2012 Agency meeting for the addition of 30 dually certified nursing home beds (CN1202-010A) for a total licensed bed complement of 180 beds.

According to the site plan provided by the applicant, the McKendree Health Center has three two-floor wings that can house patients and currently has the physical capacity for 300 beds but is licensed for 150 beds and will be licensed for 180 beds after project completion.

East Wing

- East Wing, 1st floor, currently has 30 private and 24 semi-private skilled nursing beds for a total of 54 nursing home beds.
- East Wing, 2nd floor, currently has 30 private and 16 semi-private skilled beds for a total of 46 beds.
- In total, the East Wing has 100 licensed nursing home beds that will not be affected by this project.

North Wing

- North Wing, 1st floor, is unoccupied and has space for 30 private and 20 semi-private beds. There are no licensed beds currently in this space and none is proposed.
- North Wing, 2nd floor, currently has space for 30 private and 20 semi-private beds for a total of 50 beds. After project completion, this floor will contain 18 private beds and 10 semi-private beds.
- In total, the North Wing will contain 28 licensed beds after the project is completed.

South Wing

- South Wing, 1st floor, is currently unoccupied and has space for 30 private and 20 semi-private beds for total of 50 beds... There are no licensed beds currently in this space. After project completion, this floor will contain 16 private and 10 semi-private beds for a total of 26 licensed beds.

- South Wing, 2nd floor, is currently unoccupied and has space for 30 private and 20 semi-private beds for a total of 50 beds. There are no licensed beds currently in this space. After project completion, this floor will contain 16 private and 10 semi-private beds for 26 beds.

The two charts below summarize the mix of licensed beds by floor and private vs. semi-private:

Current vs. Proposed Licensed Beds

Floor	Current	Proposed
East 1	54	54
East 2	46	46
North 1	0	0
North 2	50	28
South 1	0	26
South 2	0	26
TOTAL	150	180

Licensed Private beds and Semi-private beds

Floor	Current Private Beds	Current Semi-private Beds	Proposed private Beds	Proposed Semi-private beds
East 1	30	24	30	24
East 2	30	16	30	16
North 1	0	0	0	0
North 2	30	20	18	10
South 1	0	0	16	10
South 2	0	0	16	10
TOTAL	90	60	110	70

The chart above indicates that the current mix of private beds to semi-private beds is 90 to 60 or 60% vs. 40%. The proposed mix of private bed to semi-private beds is 110 to 70 or 61.1% to 38.9%. The percentage mix of private to semi-private currently vs. proposed will remain approximately the same.

Review of the charts above reveal that 80 beds of the 180 licensed beds will be in the north and south wings. North 2, South 1, and South 2 will contain the 80 beds and are the subject of the extensive remodeling. North 1 will remain unoccupied. The applicant states that the mechanical systems at McKendree Village are designed and built as a "central plant" system in which centralized chillers, cooling towers, heat exchangers, and boilers provide chilled and heated water to the nursing home building through a four pipe recirculating water system. The areas targeted for remodeling (the North 2 and the two South wing floors) are on the same central system. The applicant adds in the first supplemental response that all system components appear to be original to the property and have not had any preventive maintenance over the last five-plus years. Because of the equipment's age and lack of maintenance the chillers, pumps, cooling towers and electrical panels will need to be either replaced or rebuilt. The work will also include the installation of new control systems that will allow for greater efficiency in operation and resident comfort. The applicant also points out that all work proposed in the application will occur within the existing footprint of the nursing home.

The new design will include expansion of the current gross square footage of 32,880 SF to an enlarged area of 50,254 SF. Other improvements include:

- enhance privacy in the semi-private rooms
- each room will have its own shower
- meals can be cooked on each wing
- elimination of nurses stations for a quieter more home-like environment
- increase in the number of common areas
- dedicated living and dining space for the residents
- call light and signal pager system that will reduce noise level for residents.

The applicant states that the sequencing of the project will be in two phases. The first phase of the project will include the complete internal demolition and renovation of South 1 and 2, which are currently unoccupied. When completed the South Wing will contain 52 dually certified beds. The current residents of the occupied North 2 will be transferred to the newly renovated South wing. After North 2 is vacated, the second phase of the project will be the internal

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demolition and reconstruction of North 2 for 28 dually certified beds accounting for the 80 beds in the North and South wings.

McKendree Village is owned by Nashville Senior Care, LLC, whose members are John E. ("Ted") McMullan, who owns 85%, and his father, John F. McMullan, who owns the remaining 15% of the entity. Covington Senior Living, LLC of Atlanta, Georgia, provides the management services. The managing member and majority owner is John E. ("Ted") McMullan, who began operating senior living communities through affiliated entities in 1997. Covington Senior Living, LLC was formed in 2007 and is devoted exclusively to managing senior living communities. Since 2007, Covington Senior Living, LLC has managed three other properties: The Palms of Sebring in Sebring, Florida, Friendship Village in Dayton, Ohio and Hyde Park Health Center in Cincinnati, Ohio. McKendree Village was acquired by Covington Senior Living's affiliate Nashville Senior Care, LLC on October 1, 2011 and Covington Senior Living, LLC has provided management services since that time.

Davidson County is the service area of McKendree Village. According to the US Census Bureau, the population of Davidson County is estimated to have increased by 3.4% from 626,684 residents in 2010 to 648,295 residents in 2012. It is estimated that the state of Tennessee grew 1.7% during this timeframe. The Davidson County population cohort of age 65 and older was estimated to be 10.5% of total population in 2011. This compares to 13.7% for the State of Tennessee overall.

Davidson County currently has twenty-three (23) existing nursing homes containing 3,025 licensed beds. As reported by the Department of Health in the 2011 Joint Annual Report (JAR), the combined occupancy rate of the *20 Davidson County providers reporting patient utilization averaged 82.5% occupancy of 2,658 licensed nursing home beds. Among the Davidson County nursing homes in 2011, there were 153 Medicare-only certified beds and 1,575 dually certified beds for a total of 1,728 beds available to receive skilled nursing patients. The Davidson County average daily census (ADC) for SNF Medicare patients was 340 patients, ADC for Skilled-Medicaid's patients was 105, the ADC for Skilled Care patients being paid for by all other payors was 61. The total ADC for skilled nursing patients was 506. The ADC for NF (non-skilled which includes Medicaid and non-certified) is 1,686 patients. Thus, the total ADC for the county's 2,658 nursing home beds was 2,192 patients. Skilled patients accounted for approximately 23% of the nursing home utilization in Davidson County in 2011.

**There are currently 3 nursing homes in Davidson County that are not accounted for in the 2011 Nursing Home JAR: Life Care Center of Hickory Woods, 124 beds, initially licensed 10/25/2011; Life Care Center of Old Hickory Village, 124 beds, initially licensed 5/3/2012; and Signature Healthcare of Nashville, 119 beds, initially licensed 1/17/2013.*

The applicant expects the ADC of the proposed 180 beds to increase from approximately 162 patients per day in Year 1 (2014) to 174 patients per day by Year 2 (2015). The corresponding facility occupancy for 180 beds is 90.1% in Year 1 and 96.4% in Year 2. The payor distribution of these patients is shown in the chart submitted by the applicant in the supplemental response and shown below:

Year	Licensed Beds	*Medicare certified Beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors ADC	NF ADC	Total ADC	Licensed % Occupancy
2014	180	180	33.6	2	3	123.6	162.2	90.1%
2015	180	180	35.3	2	3	133.2	173.5	96.4%

*Includes dually-certified beds

Per the revised Projected Data Chart for the 80 beds that are affected by the remodeling of the North and South wings, gross operating revenue on an occupancy rate of 85% is \$7,141,337 (\$287.84 per patient day) in Year One of the project, increasing by approximately 10.8% to \$7,915,207 on an occupancy rate of 95% in Year Two. The applicant projects a net operating income of \$710,705 in project Year 1, increasing to \$897,823.00 in Year 2. The applicant indicates it is both Medicare and TennCare/Medicaid certified. Participation in the Medicare program during the first year of operation is anticipated to be \$3,252,000 (47% of total gross operating revenues), while participation in TennCare is estimated to be \$966,000 (14% of total gross operating revenues).

According to the Historical Data Chart, the new owners acquired McKendree Village on October 1, 2011 and reported net income of \$170,905 in 2012. The applicant also notes that the historical financial information is for the entire McKendree property not just the nursing home alone.

The applicant stated that the staffing for the facility would remain the same except for the addition of a 1.0 FTE Care Team Manager.

The total estimated project cost is \$3,808,150. Over 90% of the project cost is construction costs of \$3,530,000. The balance of the costs are \$109,300 in architectural and engineering fees, \$35,000 for legal, administrative, and consultant fees; \$125,300 in interim financing and \$8,550 for the CON filing fee.

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The applicant expects to finance the project using an existing line of credit from BB&T. According to the March 22, 2013 letter from BB&T Vice President Jordan S. Kiel, \$2,363,667 is readily available to Nashville Senior Care and its related companies. The term loan amortizes based on a 25-year schedule and the line of credit is interest only. The facilities bear interest based on a floating rate that as of December 31, 2012 was 3.21%. The letter indicates the remainder of the funds required to finance the project may be paid out of corporate liquidity and/or bank financing of at least \$5,000,000 via extension of its existing credit facility, subject to credit approval. The letter indicates the structure of the additional funds will be similar to the existing credit facilities. The letter finishes noting that the required minimum monthly payment related to this project of \$3,800,000 would be approximately \$18,437.82.

The applicant expects the renovation costs to be \$85.60/square foot, which is below the first quartile of cost per square foot for nursing home construction of previously approved nursing home projects from 2009-2011.

The applicant has submitted the required corporate and property documentation. Staff will have a copy of these documents available for member reference at the Agency meeting. Copies are also available for review at the Health Services and Development Agency office.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications for this applicant.

Outstanding Certificates of Need

McKendree Village, CN1202-010A, has an outstanding Certificate of Need which will expire on July 1, 2014. The CON was approved at the May 23, 2012 Agency meeting for the addition of 30 Medicare skilled beds to its 150 bed nursing home, resulting in a 180 bed nursing home in which all beds will be dually certified for Medicare and Medicaid. The additional 30 private nursing home beds will be located in 16,000 square feet on the upper level of an existing wing of the facility known as 2-North. This area formerly housed 50 beds in 20 private rooms and 15 dual-occupancy rooms. The estimated project cost is \$1,303,000.00. *Project Status: The applicant has requested that CN1202-010A be*

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modified to reflect the construction project described in this application (CN1303-007) including the extension of the expiration date concurrent with this project.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no denied applications for other health care organizations in the service area proposing this type of service.

Pending Applications

LP Nashville II, LLC d/b/a Signature Healthcare of Nashville Rehabilitation & Wellness Center, CN1304-012, is scheduled to be heard on the Consent Calendar of the June 26, 2013 Agency meeting for the cost overrun of approximately \$4,009,562.00 that occurred as a result of complications associated with implementing its previously approved Certificate of Need, CN1009-044A. Estimated project cost is \$4,009,562.00.

Outstanding Certificates of Need

The Health Center of Nashville, LLC, CN1107-024A, has an outstanding Certificate of Need, **which** will expire on November 1, 2014. The CON was approved at the September 28, 2011 Agency meeting for the relocation of previously approved CN1002—007A for the construction of a 150 bed nursing home facility. *Note to Agency members: These are the 150 beds that the previous owner of McKendree chose to delicense and transfer to NHC.* The proposed site is located on approximately 13 acres with approximately 970 feet of frontage along Hwy 100 at the SE quadrant of Hwy 100 and Pasquo Rd, Nashville (Davidson County), TN. The estimated project cost is **\$23,900,000.00**. *Project Status: According to a 5/31/13 email from a representative of the applicant, the project is in active development and significant progress has been achieved. Milestones reached: rezoning to allow use approved by Planning Commission and Metro Council, utility extensions to site designed and approved, off site traffic improvement agreement with Metro finalized, final site plan approved by Planning Dept. & Public Works, site/land purchase closed, and architectural and engineering documents are approximately 20-25% complete. Please see Letters of Intent below for additional information related to this project.*

Letters of Intent

The Health Center of Hermitage, LLC, filed a letter of intent on June 10, 2013 to relocate 60 beds from unimplemented certificate of need CN1107-024A (The Health Center of Nashville, LLC) and for the addition of 30 new beds. The beds will be relocated

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to an undeveloped site in Davidson County. The property does not have an address but is located along Bell Road approximately 2 miles south of its intersection with I-40. The request for partial relocation is relative to the qualified partial relocation of certain nursing home facilities which was permitted by PC 618, Acts of 2012 and is codified at TCA § 68-11-1631.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF
rev 6/11/13mh

LETTER OF INTENT



2013 MAR -8 11:42

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the The Tennessean which is a newspaper
(Name of Newspaper)
of general circulation in Davidson, Tennessee, on or before March 9, 2013, for one day.
(County) (Month / day) (Year)

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

McKendree Village

(Name of Applicant)

a nursing home

(Facility Type-Existing)

owned by: Nashville Senior Care, LLC, d/b/a McKendree Village with an ownership type of limited liability company and to be managed by: Covington Senior Living, LLC intends to file an application for a Certificate of Need for:

the renovation, construction and partial repositioning of 50 existing, dually-certified nursing home beds, in addition to the modification of the applicant's previously approved certificate of need project, CN1202-010, as to the 30 dually certified nursing home beds approved therein. No additional nursing home beds are requested in this CON project. The renovation and repositioning construction proposed in this project will address and improve shared mechanical, electrical, plumbing and other building systems affecting these 80 beds. The location of this project is at 4347 Lebanon Road, Hermitage, Davidson County, Tennessee 37076. The estimated project costs for this CON project are approximately \$3,800,000.

The anticipated date of filing the application is March 14, 2013.

The contact person for this project is Byron Trauger

(Contact Name)

Attorney

(Title)

who may be reached at: Trauger & Tuke

(Company Name)

222 Fourth Avenue North

(Address)

Nashville

(City)

Tennessee

(State)

37219

(Zip Code)

615 / 256-8585

(Area Code / Phone Number)



(Signature)



(Date)

btrauger@tntlaw.net

(E-mail Address)

=====

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth day of the month**. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

ORIGINAL APPLICATION

1. **Name of Facility, Agency, or Institution**

2013 MAR 14 PM 2 58

McKendree Village
Name4347 Lebanon Road
Street or RouteHermitage
CityTN
StateDavidson
County37076
Zip Code2. **Contact Person Available for Responses to Questions**Byron Trauger
NameAttorney
TitleTrauger & Tuke
Company Namebtrauger@tntlaw.net
E-mail address222 Fourth Avenue, North
Street or RouteNashville TN 37219
City State Zip CodeAttorney
Association with Owner615-256-8585 615-856-7444
Phone Number Fax Number3. **Owner of the Facility, Agency or Institution**Nashville Senior Care, LLC d/b/a McKendree Village
Name615-871-8200
Phone No.4347 Lebanon Road
Street or RouteDavidson
CountyHermitage
CityTN
State37076
Zip Code4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

F. Government (State of TN)
or Political Subdivision

B. Partnership

G. Joint Venture

C. Limited Partnership

H. Limited Liability Company

D. Corporation (For Profit)

I. Other (Specify)

E. Corporation (Not-for-Profit)

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. **Name of Management/Operating Entity (If Applicable)**

Covington Senior Living, LLC
 Name
 1175 Peachtree Street, Suite 350
 Street or Route
 Fulton
 County
 Atlanta
 City
 GA
 State
 30361
 Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)**

- A. Ownership _____ D. Option to Lease _____
 B. Option to Purchase _____ E. Other (Specify) _____
 C. Lease of 5 Years X

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. **Type of Institution (Check as appropriate – more than one response may apply)**

- | | |
|--------------------------------------------------------------------------|----------------------------------------------|
| A. Hospital (Specify) _____ | I. Nursing Home <u>X</u> |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____ | J. Outpatient Diagnostic Center _____ |
| C. ASTC, Single Specialty _____ | K. Recuperation Center _____ |
| D. Home Health Agency _____ | L. Rehabilitation Facility _____ |
| E. Hospice _____ | M. Residential Hospice _____ |
| F. Mental Health Hospital _____ | N. Non-Residential Methadone Facility _____ |
| G. Mental Health Residential Treatment Facility _____ | O. Birthing Center _____ |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) _____ | P. Other Outpatient Facility (Specify) _____ |
| | Q. Other (Specify) _____ |

8. **Purpose of Review (Check) as appropriate—more than one response may apply)**

- | | |
|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| A. New Institution _____ | H. Change in Bed Complement _____ |
| B. Replacement/Existing Facility _____ | [Please note the type of change by underlining the appropriate response: <u>Increase</u> , Decrease, Designation, Distribution, Conversion, Relocation] |
| C. Modification/Existing Facility <u>X</u> | |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) _____ | I. Change of Location _____ |
| E. (Specify) _____ | J. Other (Specify) _____ |
| F. Discontinuance of OB Services _____ | |
| G. Acquisition of Equipment _____ | |

9. **Bed Complement Data***Please indicate current and proposed distribution and certification of facility beds.*

	Current Beds Licensed *CON		Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	150	30	150	_____	180
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
TOTAL	150	_____	150	30	180

*CON-Beds approved but not yet in service

10. Medicare Provider Number 44-5491
 Certification Type _____

11. Medicaid Provider Number 744-0609
 Certification Type _____

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? ☐ N/A

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.*

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

NOTE: **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. **Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.**

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

RESPONSE: McKendree Village is a licensed Tennessee nursing home in the Hermitage area of Davidson County that is an integral component of the continuing care community that bears the same name. McKendree Village consists of 150 licensed dually certified nursing home beds (along with an unimplemented Certificate of Need number CN1202-010A, for an additional 30 dually certified nursing home beds), 39 independent living units known as the Cottages, a 234-bed independent living facility known as the Towers, and an 85-unit assisted living facility known as the Manor. These are located at 4347 Lebanon Road, Hermitage, Davidson County, Tennessee 37076.

After a series of management difficulties in 2009 and 2010, McKendree Village was acquired by its current owner, Nashville Healthcare Investors, LLC, and is operated by Nashville Senior Care, LLC.

Investigation Background

In the course of preparing the plans, specifications and engineered systems necessary to execute the Certificate of Need project approved by the HSDA in CON application CN1202-010A, both the owner (Nashville Healthcare Investors, LLC) and the manager (Covington Senior Living, LLC) of McKendree Village (collectively the "Renovation Team") undertook an extensive investigation of the existing building systems. Specifically, in planning for renovation of the unoccupied rooms located in the Two South wing of the Health Center to utilize the additional 30 dually certified beds, the Renovation Team reviewed the existing mechanical, electrical and plumbing systems in light of the Two North wing currently occupied by 50 dually certified beds. This analysis was driven by the fact that not only do these two wings share common building infrastructure but they are also geographically adjacent wings in the Health Center complex thus necessitating a unified analysis for the renovation of the combined 80 beds.

The Renovation Team determined that extensive building system upgrades would need to be addressed concurrently between all of the 80 dually certified beds. The core issue

considered in this comprehensive design was the determination that central mechanical systems would need to be shared between the North and South building wings. The planning initiative that ensued from this determination has caused the Renovation Team to design a broader comprehensive plan for renovating the 80 beds. This new plan enhances the delivery of care by providing for a resident centered design approach in a more residential home-like environment. This plan can be summarized in four considerations: systems integration, dually certified bed relocation, enhanced resident comfort and finally, project sequencing.

Systems Integration

The mechanical systems at McKendree Village are designed and built as a "central plant" system in which centralized chillers, cooling towers, heat exchangers and boilers provide chilled and heated water to the Health Center building through a four pipe recirculating water system. Given this system design and the fact that the currently occupied Two North and unoccupied Two South wings operate on the same central system, the replacement and upgrade of these systems requires an integrated engineered plan. This requirement is further supported by the fact that these wings are geographically adjacent and connected by shared common space. The Renovation Team has addressed these considerations in its revised designs covering the 80 dually certified beds.

Relocation

Currently the dully certified 80 beds are comprised of 50 occupied beds located in the Two North wing and 30 dually certified beds planned for the renovation of the Two South wing. The proposed plan relocates these beds over the following schedule: Two North 28 Beds; Two South 26 Beds; One South 26 Beds for an equivalent replacement of 80 beds. Based on the planning work completed by the Renovation Group, the proposed relocation for the 80 beds will definitively support the initiatives of (1) systems integration and (2) an enhanced resident comfort experience. First, the relocation of the 80 beds will allow the new mechanical systems to be designed and constructed on an integrated basis so as to provide a completely enhanced environment for residents. Next, the relocation will allow for the enhancement of resident comfort by allowing the bed design to be expanded from a current proposed gross square footage of 32,880 to an enlarged area of 50,240 square feet. In conclusion, the proposed relocation of the 80 duly authorized beds will not only allow for the renovation and replacement of shared building systems but also for the expansion of resident beds over a larger building footprint thus providing the physical space for areas that enhance resident comfort.

Enhanced Resident Comfort

The proposed design will support and enhance both building systems and resident comfort. Resident comfort will be enhanced through and by the following specific design specifications: (1) the design will increase the number of private rooms in the 80-bed mix. The current mix provides for 60 private beds and 20 semi-private beds. The proposed plan allows for 50 private beds and 30 semi-private beds; (2) the proposed semi-private rooms are designed to allow for enhanced privacy, a dedicated window, individual temperature controls and a sink for each resident; (3) each room will be built out with its own shower; (4) the design will allow for meals to be cooked to order on each wing; (5) the design will eliminate the existing nurse stations which will result in a quieter, more home-like environment; (6) the design will increase the number of common areas

throughout the 80 bed relocation; (7) the design will allow for the delineation of dedicated living and dining spaces for residents; and (8) the design will provide for the implementation of call lights and signal pagers to reduce noise levels for residents.

Project Sequencing

Phase One of the proposed project will involve the complete demolition and renovation of One South and Two South. One South (first floor) and Two South (second floor) will be renovated simultaneously as they occupy the same wing of the Health Center. The renovation of One and Two South will provide 52 dually certified beds. Upon completion, residents in the currently occupied Two North wing will be transferred to the new South wing. After Two North is vacated, Phase Two of the project will involve the demolition and reconstruction of Two North. Upon completion, the Two North wing will provide for 28 dually certified beds. Again, bringing the total dually certified beds to bring the total dually certified beds located in North and South wings back to the existing 80 count.

It is anticipated the additional cost for the completion of this project will be approximately \$3.8 million, over and above the previously approved construction and other costs set forth in CN1202-010A.

McKendree Village is owned by Nashville Senior Care, LLC, which acquired it in 2011. Nashville Senior Care, LLC, does business as McKendree Village. The nursing home is managed by Covington Senior Living, LLC.

The funding for this project will be provided as part of a larger credit facility arranged by BB&T which currently is a lender to Nashville Senior Care, LLC. No new nursing home beds are proposed in this application. The financial feasibility of the project is supported by the current environment of low interest rates and the fact that revenues from existing dually certified beds will remain in place during Phase One of the renovation. The financial feasibility for the project is further enhanced by the revenue generated by the additional 30 dually certified beds which will be brought into service as a result of this project. Only one additional staff member, a Care Team Manager FTE, will be added as a result of the proposed plan.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
 - A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square

foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

RESPONSE: The proposed project calls for the complete demolition of One South, Two South and Two North within the existing building structure. The existing building envelope and structural components will remain. The renovation will cover two primary areas: building systems and finishes. Building systems include mechanical, electrical, plumbing, fire safety and low-voltage systems and will be replaced and/or upgraded. All interior finishes, including interior stud walls, will be replaced with new materials.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

RESPONSE: No additional beds are proposed for this application, and no beds will be allocated across any categories of licensed bed arrangements.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

[illegible]

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

RESPONSE: Not Applicable.

D. Describe the need to change location or replace an existing facility.

RESPONSE: Not Applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total cost; (As defined by Agency Rule).
 2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval.

RESPONSE: Not Applicable.

- b. Provide current and proposed schedules of operations.

RESPONSE: Not Applicable.

2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.

RESPONSE: Not Applicable.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

RESPONSE: Not Applicable.

- III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include:**

1. Size of site (*in acres*);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

RESPONSE: The plot plan is attached hereto. The size of the site of McKendree Village is approximately 42 acres. The location of the proposed construction and the location of the structures on the site are shown on the attached drawings.

- B. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: McKendree Village is located on U.S. Highway 70, just north of Interstate-40 in Hermitage, Davidson County, Tennessee. It is accessible from I-40 via Old Hickory Boulevard. There is major bus service available through the Metropolitan Transit Authority to the McKendree Village site on Lebanon Road. This accessibility is critical to all types of residents of the retirement community at McKendree Village.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

RESPONSE: The requested floor plan is attached.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

- V. For a Home Health Agency or Hospice, identify:

- A. Existing service area by County;
- B. Proposed service area by County;
- C. A parent or primary service provider;
- D. Existing branches; and
- E. Proposed branches.

RESPONSE: Not Applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
 - A. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Guidelines for Growth Criteria (p. 23):

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

RESPONSE: Not Applicable - no new beds, services, or equipment are involved in this project.

2. For relocation or replacement of an existing licensed healthcare institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

RESPONSE: Not Applicable - this project does not relocate or replace an existing healthcare institution.

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

RESPONSE: The applicant continues to experience significant demand for nursing home services. This demand will be even greater in the future as it

improves its assisted living and retirement living facilities thereby drawing a greater number of residents to its campus. As these residents age in place, they will need a modern up-to-date onsite nursing home facility.

3. For renovation or expansions of an existing licensed healthcare institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

RESPONSE: There is an acceptable existing demand for this service. Annual occupancy of the existing McKendree Village nursing home prior to this renovation, exceeded 87% in 2011, up from 83% in 2010, as reported in its JARs.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

RESPONSE: The executive summary, construction descriptions, and drawings set forth in this Certificate of Need application demonstrate that McKendree Village's existing physical plant's condition warrants major renovation. This nursing home was constructed in the 1960s, and has not had a major renovation of this magnitude since that time.

- B. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

RESPONSE: Not Applicable.

The applicant's responses to the new 2011 Health Plan's five principles are set forth below:

2011 STATE HEALTH PLAN PRINCIPLES

1. **Healthy Lives - "The purpose of the state health plan is to improve the health of Tennesseans."**

The project proposed in this Certificate of Need application satisfies this criterion. The purpose of the project is to improve the health of Tennesseans by offering an improved nursing home facility to residents of Davidson County. Furthermore, given the significant population of retired Tennessee residents in the non-nursing home facility components of McKendree Village, the goal of the state health plan to improve the health of Tennesseans would be met by this project which is a critical component of general improvements to the McKendree Village campus as a whole.

2. **Access to Care - "Every citizen should have reasonable access to healthcare."**

This Certificate of Need project will satisfy this criterion as well. Both the residents in the non-nursing home components of McKendree Village and other residents of Davidson County will have reasonable access to healthcare through the approval of this Certificate of Need application. The construction planning done for this project will enable the completion of these nursing home improvements without disruption of nursing home services.

3. **Economic Efficiencies - "The state's healthcare resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the state's healthcare system."**

The project proposed by McKendree Village in this Certificate of Need application satisfies this criterion. It is a further development and improvement of the healthcare resources in Davidson County, and will enhance the competitiveness of McKendree Village in the CCRC market. Furthermore, it will achieve additional economic efficiencies in the healthcare system because it will enhance the capability of McKendree Village to deliver efficiently its CCRC services that include assisted living facilities, senior living apartments, and homes to retired citizens of Tennessee who no longer have to pay for these services through the endowment model. The developments proposed by this project will continue the development of Tennessee's healthcare system and enhance the efficiencies of the retirement communities in Davidson County.

4. **Quality of Care - "Every citizen should have confidence that the quality of healthcare is continually monitored and standards are adhered to by healthcare providers."**

McKendree Village's management team is dedicated to meeting the goals of this criterion. The management team at McKendree Village has experience in other states and other CCRCs that will assist in satisfying this quality of care criterion, by continually monitoring the care provided and by meeting the standards that Tennessee imposes on its nursing home facilities.

5. **Healthcare Workforce - "The state should support the development, recruitment and retention of a sufficient and quality healthcare workforce."**

McKendree Village's project satisfies this criterion as well. McKendree Village is already a leading employer of a quality healthcare workforce. Therefore, it has every incentive, which will be enhanced by this project, to continue to support the development, recruitment and retention of a quality healthcare workforce. The management team at McKendree Village has done so at other CCRC sites in other states, and will continue its efforts at McKendree Village as well.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

RESPONSE: This project is consistent and a significant part of McKendree Village's long-range development plans. The current owners of McKendree Village are seeking, through staged construction, to upgrade not only the nursing home components of McKendree Village as set forth in this Certificate of Need application and CN1202-010A, previously granted, but also to upgrade the assisted living, power plant, general services capabilities; and ultimately even components of the Towers, the independent living apartments at McKendree Village.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

RESPONSE: The service area is Davidson County, Tennessee. The requested service area map is attached hereto. This service area is reasonable because the predominant portion of patients of McKendree Village come from Davidson County.

4. A. Describe the demographics of the population to be served by this proposal.

RESPONSE: The demographics of Davidson County, as provided by the Department of Health, are attached hereto. A table analyzing Davidson County demographics is also set forth below:

	Davidson County	State of TN Total
Total Population-Current Year - 2013	605,923	6,414,297
Total Population-Projected Year - 2015	614,222	6,530,459
Total Population-% change	1.4%	1.8%
Age 65 and over Population - 2013	72,486	904,587
Age 65 and over Population - 2015	76,318	960,158
Age 65 and over Population - % change 2013-2015	5.3%	6.1%
Age 65 and over Population as % of Total Population 2015	12.4%	14.7%
Median Household Income*	\$46,737	\$43,989
TennCare Enrollees**	120,707	1,208,878
TennCare Enrollees as % of Total	19.9%	18.8%
Persons Below Poverty Level	107,248	1,084,016
Persons Below Poverty Level as % of Total	17.7%	16.9%

* U.S. Census Bureau, 2011 data.

**Bureau of TennCare, November 2012 data.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: This project will serve the needs of the elderly, women and racial ethnic minorities, as well as low income groups. This project is readily accessible by public transportation, and is designed to serve all components of the elderly population of Davidson County, which are predominantly female and contain significant portions of racial and ethnic minorities.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

RESPONSE: In addition to the unimplemented CON CN1202-010A, other unimplemented CONs for nursing homes are described below. The most recent

reported utilization of nursing homes in Davidson County is set forth in the table attached to this application.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: Utilization for McKendree Village under its current ownership is set forth below. Utilization going forward, for two years after completion of the project, is the same as set forth in CN1202-010A.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee).
 - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

RESPONSE: The costs for this project are set forth in the Project Cost Chart which is attached. Costs per square foot for the construction are reasonable given the costs of similar projects. It is important to note that this project does not require the expansion of the actual exterior components of the affected wings of McKendree Village. Only the interior components are affected for these three wings. The lease costs as set forth in the Project Cost Chart are determined according to the allocation of the lease cost to the square footage for the actual nursing home at McKendree Village.

The requested documentation from the contractor or architect is attached hereto.

STS CHART 2013 MAR 26 PM 3 21

- | | |
|-------|-----------|
| TOTAL | 3,808,150 |
|-------|-----------|

2. Identify the funding sources for this project.

A. Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2).**

- ☒ A. Commercial loan - Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds - Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of Intent form for grant application or notice of grant award; or
- ☐ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other--Identify and document funding from all other sources.

RESPONSE: The requested letter from the lending institution is attached hereto.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

RESPONSE: The reasonableness of the proposed project costs are described in earlier sections of the application. While this project does not involve new construction of an entire building, the construction costs per square foot for this project are projected to be approximately \$85.60. This compares favorably with those recently approved Certificate of Need applications for new nursing home projects.

4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, including anticipated revenue from the proposed beds only, not from all beds in the facility).

RESPONSE: The requested Historical Data Charts are attached.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

RESPONSE: Utilizing the data in the Projected Data Chart herein, the applicant projects that its average gross charge per patient day will be approximately \$288 and its average net charge or collection will be approximately \$279 per day (in year 1). Therefore, its average deduction from operating revenue is approximately \$9 per resident day.

March 26, 2013

3:200m

HISTORICAL DATA CHART

2013 MAR 26 PM 3 21

Give information for the last *three* (3) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year _____	Year 2011	Year 2012
A. Utilization Data (Specify unit of measure) resident days	_____	29,225	118,876
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$4,803,444	\$20,237,950
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	\$ _____	\$4,803,444	\$20,237,950
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$536,463	\$2,031,525
2. Provision for Charity Care	_____	0	0
3. Provisions for Bad Debt	_____	15,900	22,853
Total Deductions	\$ _____	\$552,363	\$2,054,378
NET OPERATING REVENUE	\$ _____	\$4,251,081	\$18,183,572
D. Operating Expenses			
1. Salaries and Wages	\$ _____	\$1,520,322	\$6,234,887
2. Physician's Salaries and Wages	_____	0	0
3. Supplies	_____	93,657	515,655
4. Taxes	_____	297,875	1,199,910
5. Depreciation	_____	0	4,840
6. Rent	_____	495,000	1,980,000
7. Interest, other than Capital	_____	1,255	747
8. Management Fees:			
a. Fees to Affiliates	_____	210,403	904,384
b. Fees to Non-Affiliates	_____	0	0
9. Other Expenses (Specify) <u>See attached</u>	_____	1,821,830	7,172,244
Total Operating Expenses	\$ _____	\$4,440,342	\$18,012,667
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____	\$ _____
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
Total Capital Expenditures	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$ _____	\$(189,261)	\$170,905

Note: These historical data numbers are for the entire McKendree Village property, including assisted living and independent living. 2011 data is for three months as the property was acquired 10/1/2011.

OTHER EXPENSE DETAIL

	2011	2012
	Other	Other
Dietary Service	634,360	2,471,491
Nursing Service	123,863	602,399
Assisted Living Service	0	87,868
Social Service	4,015	39,789
Activities	8,051	44,029
Administration	233,153	291,942
Maintenance	370,241	1,737,845
Housekeeping	8,935	43,970
Laundry Service	40,834	178,598
Property	26,826	99,813
Marketing Service	20,341	50,969
Ancillary Service	351,212	1,523,531
Total	1,821,831	7,172,244

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

2013 MAR 26 PM 3 21

	Year 2014	Year 2015
A. Utilization Data (Specify unit of measure) patient days	24,810	27,740
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$7,141,337</u>	<u>\$7,915,207</u>
2. Outpatient Services	<u> </u>	<u> </u>
3. Emergency Services	<u> </u>	<u> </u>
4. Other Operating Revenue (Specify) <u> </u>	<u> </u>	<u> </u>
Gross Operating Revenue	<u>\$7,141,337</u>	<u>\$7,915,207</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$ 120,478</u>	<u>\$ 134,189</u>
2. Provision for Charity Care	<u>70,000</u>	<u>75,000</u>
3. Provisions for Bad Debt	<u>17,861</u>	<u>19,414</u>
Total Deductions	<u>\$ 208,339</u>	<u>\$ 228,603</u>
NET OPERATING REVENUE	<u>\$6,932,998</u>	<u>\$7,686,603</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$2,526,854</u>	<u>\$2,799,477</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>
3. Supplies	<u>149,422</u>	<u>165,586</u>
4. Taxes	<u>478,346</u>	<u>509,554</u>
5. Depreciation	<u>0</u>	<u>0</u>
6. Rent	<u>560,000</u>	<u>560,000</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>
8. Management Fees:		
a. Fees to Affiliates	<u>346,650</u>	<u>384,330</u>
b. Fees to Non-Affiliates	<u> </u>	<u> </u>
9. Other Expenses (Specify) <u>See attached schedule</u>	<u>2,161,021</u>	<u>2,369,834</u>
Total Operating Expenses	<u>\$6,222,293</u>	<u>\$6,788,781</u>
E. Other Revenue (Expenses) -- Net (Specify)	<u>0</u>	<u>0</u>
NET OPERATING INCOME (LOSS)	<u>\$ 710,705</u>	<u>\$897,823</u>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$ 0</u>	<u>\$ 0</u>
2. Interest	<u>\$ 0</u>	<u>\$ 0</u>
Total Capital Expenditures	<u>\$ 0</u>	<u>\$ 0</u>
NET OPERATING INCOME (LOSS)	<u>\$ 710,705</u>	<u>\$897,823</u>
LESS CAPITAL EXPENDITURES		

**McKendree Village
80-Bed Projection of Other Expenses**

	Year 1	Year 2
Dietary Service	436,685	472,221
Nursing Service	355,627	398,935
Assisted Living Service	0	0
Social Service	27,867	29,248
Activities	9,843	11,273
Administration	111,032	123,088
Maintenance	311,671	341,962
Housekeeping	10,576	11,082
Laundry Service	8,947	9,132
Property	12,034	13,306
Marketing Service	22,847	29,520
Ancillary Service	853,892	930,067
	<u>2,161,021</u>	<u>2,369,834</u>

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

RESPONSE: The requested proposed charge schedule is set forth on page 19 of this application. There will be no adjustment to current charges from the implementation of this proposal.

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: A comparison of the charges of similar facilities in this service area is set forth below.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

RESPONSE: One of the complex aspects of this project is that it will be carried out in stages in order to maintain cost effectiveness without disrupting service to the patients. Patients will be relocated in various wings of McKendree Village the refurbishment and reconstruction of the affected wings can be carried out without negative effects on the patients or on the revenue flow of McKendree Village from its nursing home operations.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

RESPONSE: McKendree Village is currently financially viable. The costs of carrying out this project will be amortized over the life of the loan. Therefore, sufficient cash flow is available and immediate financial viability is assured.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

RESPONSE: The applicant participates fully in Medicare and TennCare/Medicaid. The estimated dollar amount of revenue from TennCare is projected to be approximately \$966,000 in year one of operations. The percentage of projected revenue from TennCare is 14% in year one of operations. The applicant expects approximately 47% of its revenue to be from Medicare in year one of operations of this project. The total project revenue actually received from Medicare in year one of its operations is projected to be \$3,252,000.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

RESPONSE: The requested copies of the balance sheet and income statement from McKendree Village's most recent reporting period are attached hereto. The applicant does not maintain separate financial statements by level of care for the campus, so the financial statements provided are for the complete campus including nursing, assisted living, and independent living.

11. Describe alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - A. A discussion regarding the availability of less costly, most effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

RESPONSE: The applicant had contemplated merely carrying out the project described in CN1202-010A. However, because of the need to upgrade numerous other components of the physical plant at McKendree Village and the current low-interest-rate environment, the applicant believes there are no more efficient ways or alternative methods to achieve the benefit of bringing the entire nursing home operation and physical plant facilities at McKendree Village up to modern standards.

- B. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

RESPONSE: This project does involve modernization and does not contemplate the construction of a brand new facility.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

RESPONSE: The applicant has a transfer agreement with Summit Hospital.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

RESPONSE: The applicant does not foresee any negative effects from the carrying out of this project. It does not seek through this project to add any additional nursing homes to the nursing home facilities at McKendree Village. McKendree Village is a long-established nursing home provider in the Davidson County area. This project enhances the value, economic feasibility, safety and health protections, and attractiveness of McKendree Village as a nursing home and as a CCRC. This proposal will have a positive effect on the healthcare system of Davidson County.

3. Provide the current and/or anticipated staffing patterns for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage

patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: The applicant does not project any staffing changes in its nursing home operation required by this project, other than the Care Team Manager FTE referenced earlier.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

RESPONSE: Other than the Care Team Manager referenced above, McKendree Village does not anticipate any changes in human resource requirements for this proposal. Any construction workers required to carry out this construction will be provided by the contracting construction entity.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

RESPONSE: The applicant has reviewed and understands all licensing certification issues as required by the state of Tennessee for medical and clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: The applicant anticipates offering clinical education opportunities in the near future in the areas of nursing and social work.

7. A. Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

RESPONSE: The applicant has reviewed and understands the licensure requirements of the Tennessee Department of Health and all applicable Medicare requirements.

- B. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: The applicant is licensed by the Tennessee Department of Health as a nursing home.

Accreditation: Not Applicable.

- C. If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

RESPONSE: The requested copy of the nursing home license for McKendree Village is attached hereto.

- D. For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

RESPONSE: A copy of the most recent licensure survey of McKendree Village by the licensure staff is attached hereto.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

RESPONSE: Not Applicable.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

RESPONSE: Not Applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

RESPONSE: The applicant will provide the HSDA and any reviewing agency with the specified data upon their request.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004
Revised 05/03/04
Previous Forms are obsolete

Newspaper: THE TENNESSEAN 2013 MAR 14 PM 2 58

State Of Tennessee

TEAR SHEET
ATTACHED

Account Number: 531008

Advertiser: BAKER, DONELSON, BEARMAN CALDW

RE: NOI - MCKENDREE VILLAGEHolly Penny

Sales Assistant for the

above mentioned newspaper, hereby certify that the attached
advertisement appeared in said newspaper on the following dates:

3/9/2013

Holly PennySubscribed and sworn to me this 11 day of March, 2013Lela Bates

NOTARY PUBLIC



Lawn/Garden

Also search Tennessee Classifieds at www.tennessean.com, click on Classifieds.

Messages

First Month Free
1 bdrm. special @ \$599
includes water & trash

Foxcroft Apts. 365 Paragon Mills Rd.
Now Open Sat. 10am-5pm 615-834-3116

Apts - Furnished

1 bdrm. 325 sq. ft. & 1/2 bath, background check a must. Call 615-583-5725

Apts - Unfurnished

100 sq. ft. 325 sq. ft. & 1/2 bath, background check a must. Call 615-583-5725

Public Notices

Public Notices

Business For Sale

Marina, KY Lake, 90 mi. to Nashville, boat slips, RV sites, restaurant, store, gas, cabins & houses. \$1.5 million. 931-208-0974

Found

CAT on West Northfield Blvd. area. Call 615-890-2263 to identify.

MALAMUTE FOUND

Male Gallatin Pike Madison, TN Call Stacy 615-714-3923 one blue eye one brn

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Fully Remodeled

Mobile Homes For Sale.

In House Financing Available

With Low Down Payments

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OWN for the cost of RENTING!

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Public Notices

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Public Notice

METRO SOLID WASTE REGION

BOARD MEETING

WHERE: HOWARD OFFICE BUILDING CONFERENCE CENTER - 1st Floor
700 SECOND AVE. SOUTH
NASHVILLE, TN 37218

WHEN: Thursday, March 21, 2013
5:30 P.M.

The Metro Solid Waste Regional Board will meet to consider the 2012 Annual Progress Report.

More information can be found online at hwoa.metro-nashville.gov/Public-Works/Boards-and-Committees/Solid-Waste-Region-Board.aspx or by calling 862-8715.

Requests for ADA accommodation may be forwarded to the Department of Public Works ADA Compliance Coordinator: Rick Krigbaum, 720 South Fifth Street, Telephone: 862-8858 (TTY 862-6147)

Public Notice

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

0101634621

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: McKendree Village a nursing home owned by: Nashville Senior Care, LLC, d/b/a McKendree Village with an ownership type of limited liability company and to be managed by: Covington Senior Living, LLC intends to file an application for a Certificate of Need for:

the renovation, construction and partial repositioning of 50 existing, dually-certified nursing home beds, in addition to the modification of the applicant's previously approved certificate of need project, CN1202-010, as to the 30 dually-certified nursing home beds approved there-in. No additional nursing home beds are requested in this CON project. The renovation and repositioning construction proposed in this project will address and improve shared mechanical, electrical, plumbing and other building systems affecting these 80 beds. The location of this project is at 4347 Lebanon Road, Hermitage, Davidson County, Tennessee 37076. The estimated project costs for this CON project are approximately \$3,800,000.

The anticipated date of filing the application is: March 14, 2013

The contact person for this project is Byron Trauger, Attorney, who may be reached at: Trauger & Tuke, 222 Fourth Avenue North, Nashville, Tennessee 37219 615/256-8585

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

on the farm

stuff

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RUSH HOGGING Mixed Grass Hay, Round & Square Bales. 615-693-7931 512-2675. www.mcpabbafarms.com

Feed/Seed/Hay

FOR SALE either Cotton Gin Trash or Hay. Semi load. Can deliver 731-676-0857

Horse Services

RIDING LESSONS Indoor & Outdoor, from \$40. Our horses & ponies! Hunterscourt.com Call 615-856-4189

Livestock/Poultry

CATTLE 128 mostly black and black/white face cows, 1 black bull, 51 calves. Need to sell by end of month, last property, lease. Call: Homer Stange 931-722-4870

Need cash?

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Classifieds

THE TENNESSEAN

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Collectibles

NASCAR - DRIVERS on ceiling boxes, W. Elvira, Gordon, 1971, 1970, 1969, 1968, 1967, 1966, 1965, 1964, 1963, 1962, 1961, 1960, 1959, 1958, 1957, 1956, 1955, 1954, 1953, 1952, 1951, 1950, 1949, 1948, 1947, 1946, 1945, 1944, 1943, 1942, 1941, 1940, 1939, 1938, 1937, 1936, 1935, 1934, 1933, 1932, 1931, 1930, 1929, 1928, 1927, 1926, 1925, 1924, 1923, 1922, 1921, 1920, 1919, 1918, 1917, 1916, 1915, 1914, 1913, 1912, 1911, 1910, 1909, 1908, 1907, 1906, 1905, 1904, 1903, 1902, 1901, 1900, 1899, 1898, 1897, 1896, 1895, 1894, 1893, 1892, 1891, 1890, 1889, 1888, 1887, 1886, 1885, 1884, 1883, 1882, 1881, 1880, 1879, 1878, 1877, 1876, 1875, 1874, 1873, 1872, 1871, 1870, 1869, 1868, 1867, 1866, 1865, 1864, 1863, 1862, 1861, 1860, 1859, 1858, 1857, 1856, 1855, 1854, 1853, 1852, 1851, 1850, 1849, 1848, 1847, 1846, 1845, 1844, 1843, 1842, 1841, 1840, 1839, 1838, 1837, 1836, 1835, 1834, 1833, 1832, 1831, 1830, 1829, 1828, 1827, 1826, 1825, 1824, 1823, 1822, 1821, 1820, 1819, 1818, 1817, 1816, 1815, 1814, 1813, 1812, 1811, 1810, 1809, 1808, 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372, 371, 370, 369, 368, 367, 366, 365, 364, 363, 362, 361, 360, 359, 358, 357, 356, 355, 354, 353, 352, 351, 350, 349, 348, 347, 346, 345, 344, 343, 342, 341, 340, 339, 338, 337, 336, 335, 334, 333, 332, 331, 330, 329, 328, 327, 326, 325, 324, 323, 322, 321, 320, 319, 318, 317, 316, 315, 314, 313, 312, 311, 310, 309, 308, 307, 306, 305, 304, 303, 302, 301, 300, 299, 298, 297, 296, 295, 294, 293, 292, 291, 290, 289, 288, 287, 286, 285, 284, 283, 282, 281, 280, 279, 278, 277, 276, 275, 274, 273, 272, 271, 270, 269, 268, 267, 266, 265, 264, 263, 262, 261, 260, 259, 258, 257, 256, 255, 254, 253, 252, 251, 250, 249, 248, 247, 246, 245, 244, 243, 242, 241, 240, 239, 238, 237, 236, 235, 234, 233, 232, 231, 230, 229, 228, 227, 226, 225, 224, 223, 222, 221, 220, 219, 218, 217, 216, 215, 214, 213, 212, 211, 210, 209, 208, 207, 206, 205

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in Rule 68-11-1609(c): 6-26-13

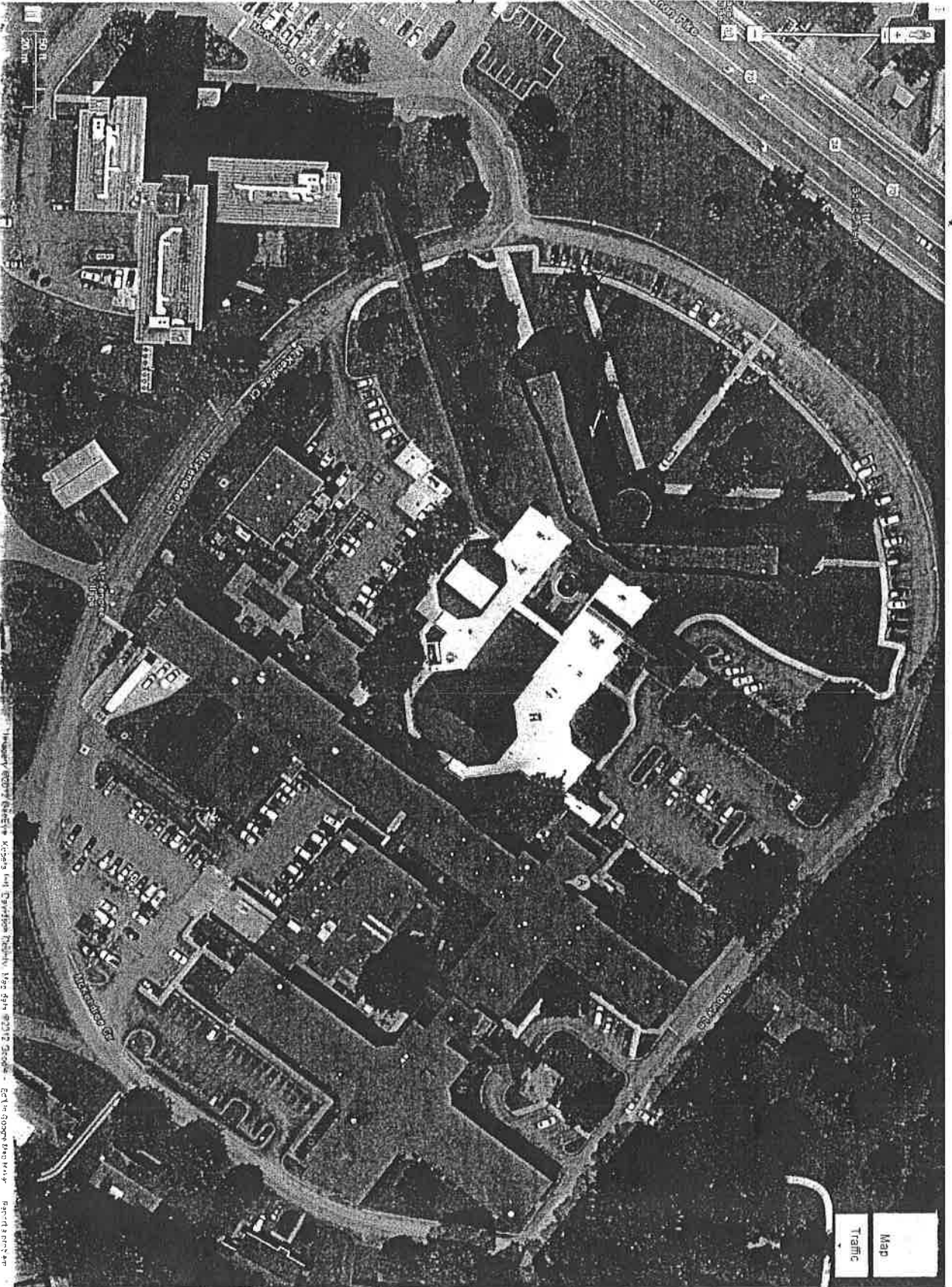
Assuming the CON approval becomes the final agency action on that date; indicate the number of days **from the above agency decision date** to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	<u>30</u>	<u>7./13</u>
2. Construction documents approved by the Tennessee Department of Health	<u>120</u>	<u>11/13</u>
3. Construction contract signed	<u>180</u>	<u>12/13</u>
4. Building permit secured	<u>210</u>	<u>1/14</u>
5. Site preparation completed	<u>210</u>	<u>1/14</u>
6. Building construction commenced	<u>210</u>	<u>1/14</u>
7. Construction 40% complete	<u>270</u>	<u>3/14</u>
8. Construction 80% complete	<u>360</u>	<u>6/14</u>
9. Construction 100% complete (approved for occupancy)	<u>450</u>	<u>9/14</u>
10. *Issuance of license	<u>510</u>	<u>11/14</u>
11. *Initiation of service	<u>510</u>	<u>11/14</u>
12. Final Architectural Certification of Payment	<u>540</u>	<u>12/14</u>
13. Final Project Report Form (HF0055)	<u>540</u>	<u>12/14</u>

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

B.III.A. - Plot Plan



Lebanon Road



**McKendree
Village**

**REPOSITIONING
PROJECT**

4347 Lebanon Rd.
Hermitage, TN 37076

Covington Senior
Living, LLC

1175 Peachtree Street NE
Suite 350
Atlanta, GA 30361



Schematic Design - PROCESS DRAFT
D2 Proj No. 12023.01 & 02

DATE: FEBRUARY 5, 2013

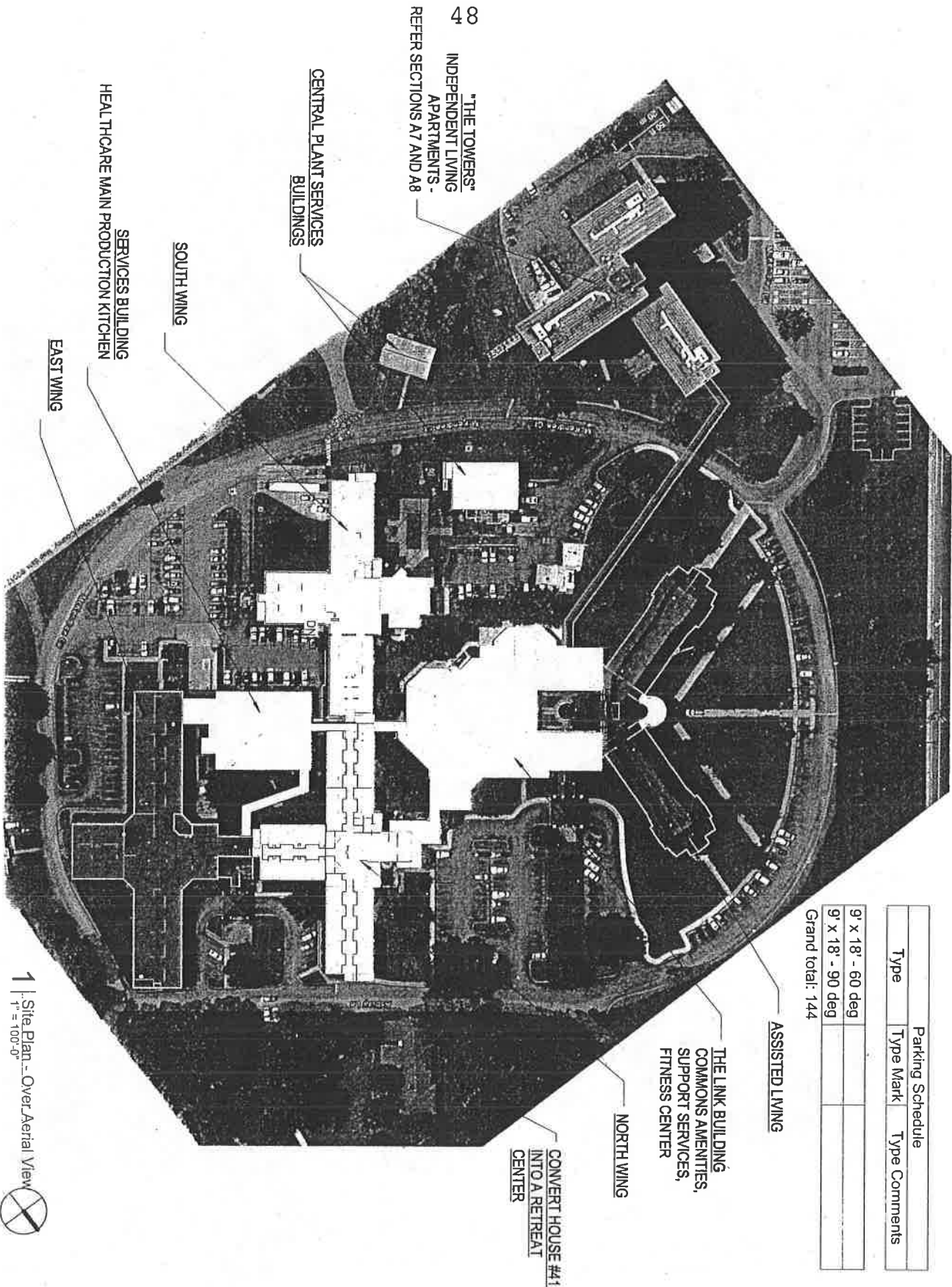
SCALE:

DWG NO.:

A0-1

DWG NAME:

EXISTING - AERIAL VIEW



1 | Site Plan - Over Aerial View
1" = 100'-0"

McKendree Village

REPOSITIONING PROJECT

4347 Lebanon Rd.
Hermitage, TN 37076

Covington Senior Living, LLC

1175 Peachtree Street NE
Suite 350
Atlanta, GA 30361

IDA

Schematic Design - PROGRESS DRAFT
D2 Proj No. 12023.01 & 02
DATE: FEBRUARY 5, 2013
SCALE: 1" = 100'-0"
DWG NO. A0-3

DWG NAME: HEALTHCARE - EXISTING SITE PLAN

B.IV. - Floor Plan



SERVERY



AQUARIUM
(NO AVARIES PER OWNER)



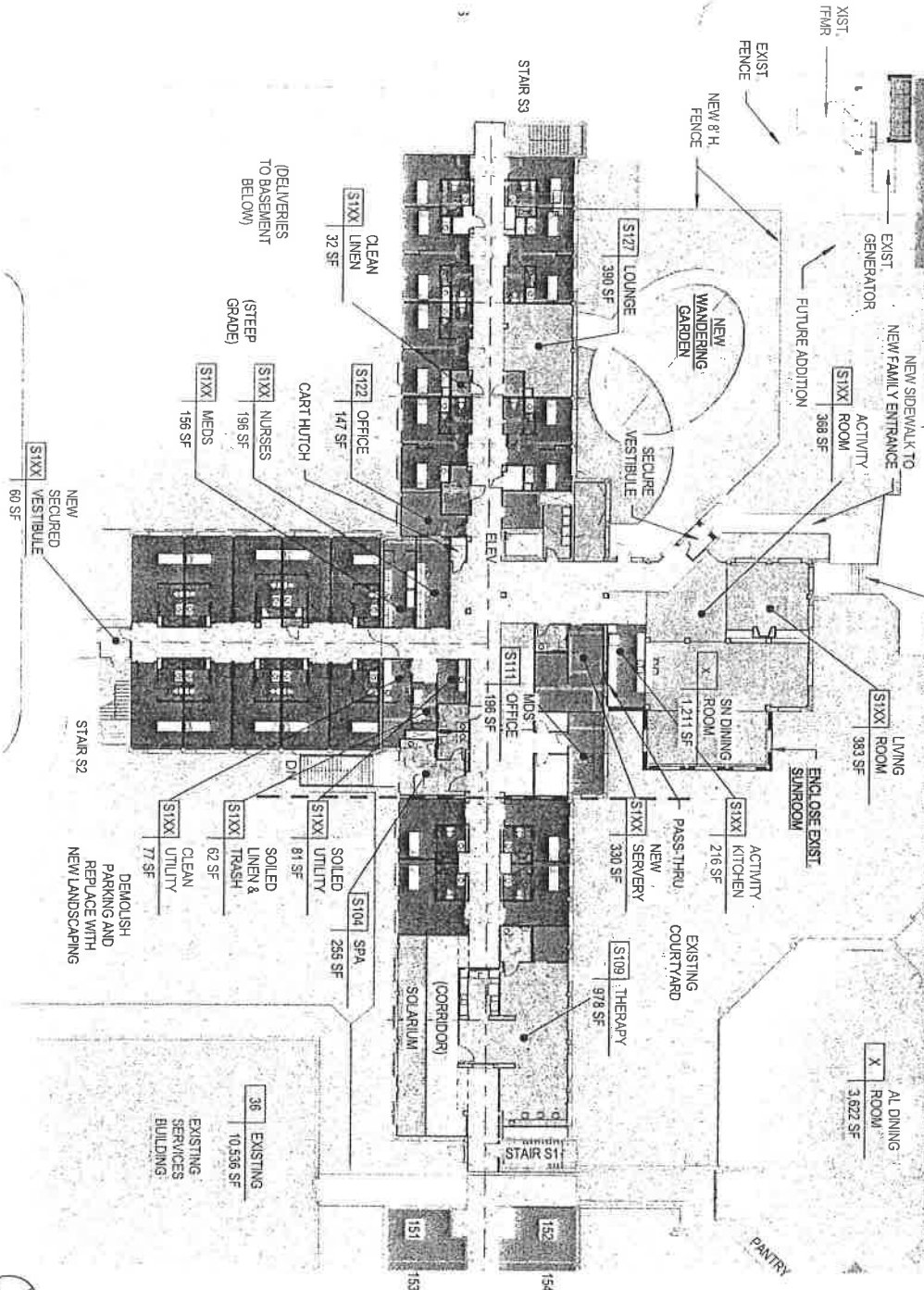
SOLARIUM



NOURISHMENT STATION AT LEFT



ACTIVITIES KITCHEN



South 1 - Post-completion



36 EXISTING
10,536 SF
EXISTING
SERVICES
BUILDING

DATE: FEBRUARY 5, 2013
SCALE: 1" = 30'-0"

DWG NO.

DWG NAME:
A2-1a

ONE SOUTH - LEVEL 1 - SKILLED NURSING



Schematic Design - PROGRESS DRAFT
D2 Proj. No. 12023.01 & 02

DATE: FEBRUARY 5, 2013

SCALE: 1" = 30'-0"

DWG NO.

DWG NAME:

ONE SOUTH - LEVEL 1 - SKILLED NURSING

**McKendree
Village**

**REPOSITIONING
PROJECT**

4347 Lebanon Rd.
Hermitage, TN 37076

Covington Senior
Living, LLC

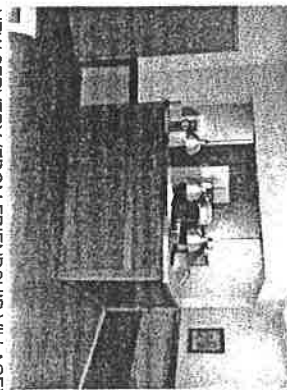
1175 Peachtree Street NE
Suite 350
Atlanta, GA 30361



OR COUNTRY KITCHEN

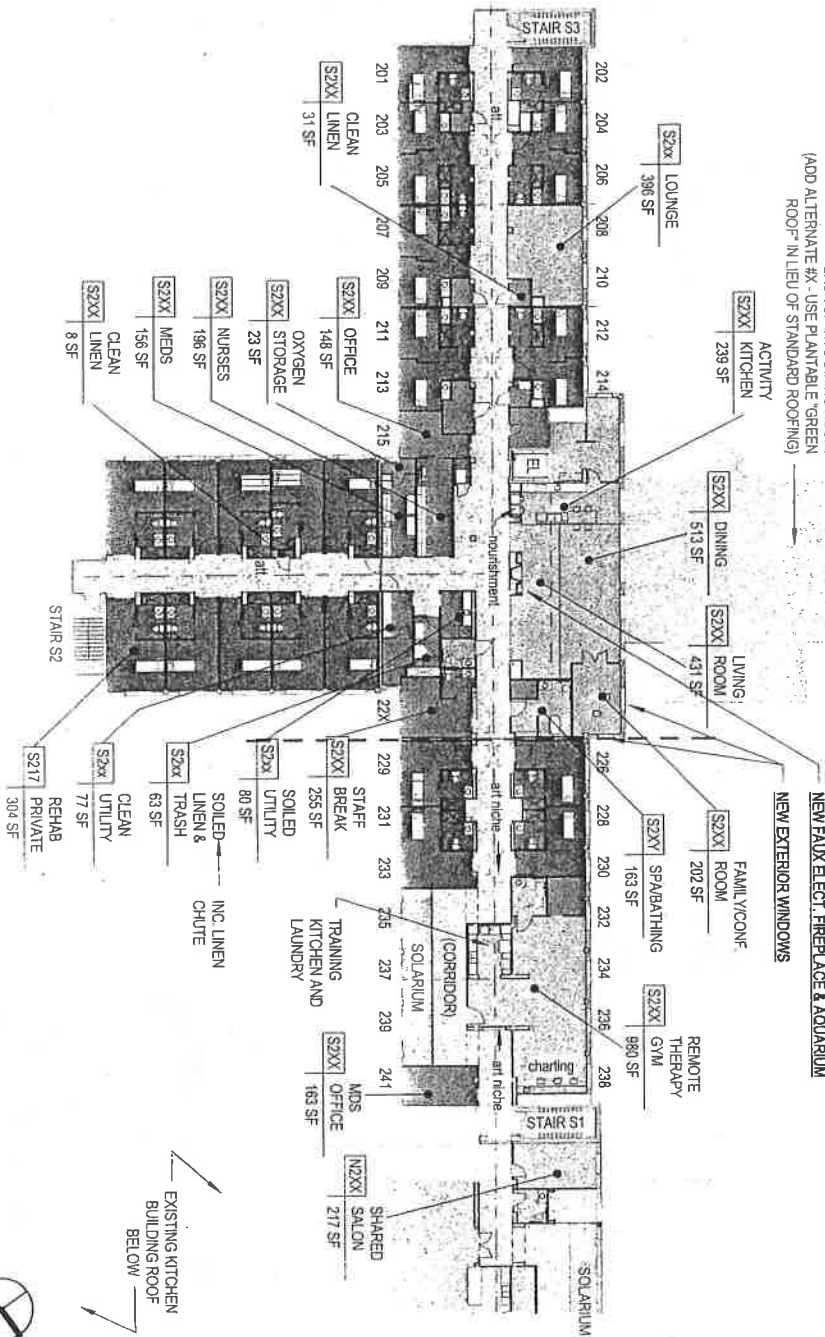


NEW SERVERY (FROM FRIENDSHIP VILLAGE)
- STAFF SIDE -



NEW SERVERY (FROM FRIENDSHIP VILLAGE)
- RESIDENT SIDE -

EXIST. FLAT ROOF BELOW -
REPLACE ROOFING WITH MEDIUM-COLOR
ROOFING TO REDUCE REFLECTIVE GLARE
BACK UP INTO DINING ROOM.
(ADD ALTERNATE #X - USE PLANTABLE (GREEN
ROOF - IN Lieu OF STANDARD ROOFING)



South 2 - Post-completion



A2-2a

DWG NAME:
TWO SOUTH - LEVEL 2 - NEW SN REHAB

DATE: FEBRUARY 5, 2013
SCALE: 1" = 30'-0"
DWG NO.

Schematic Design - PROGRESS DRAFT
02 Proj. No. 12023.01 & 02

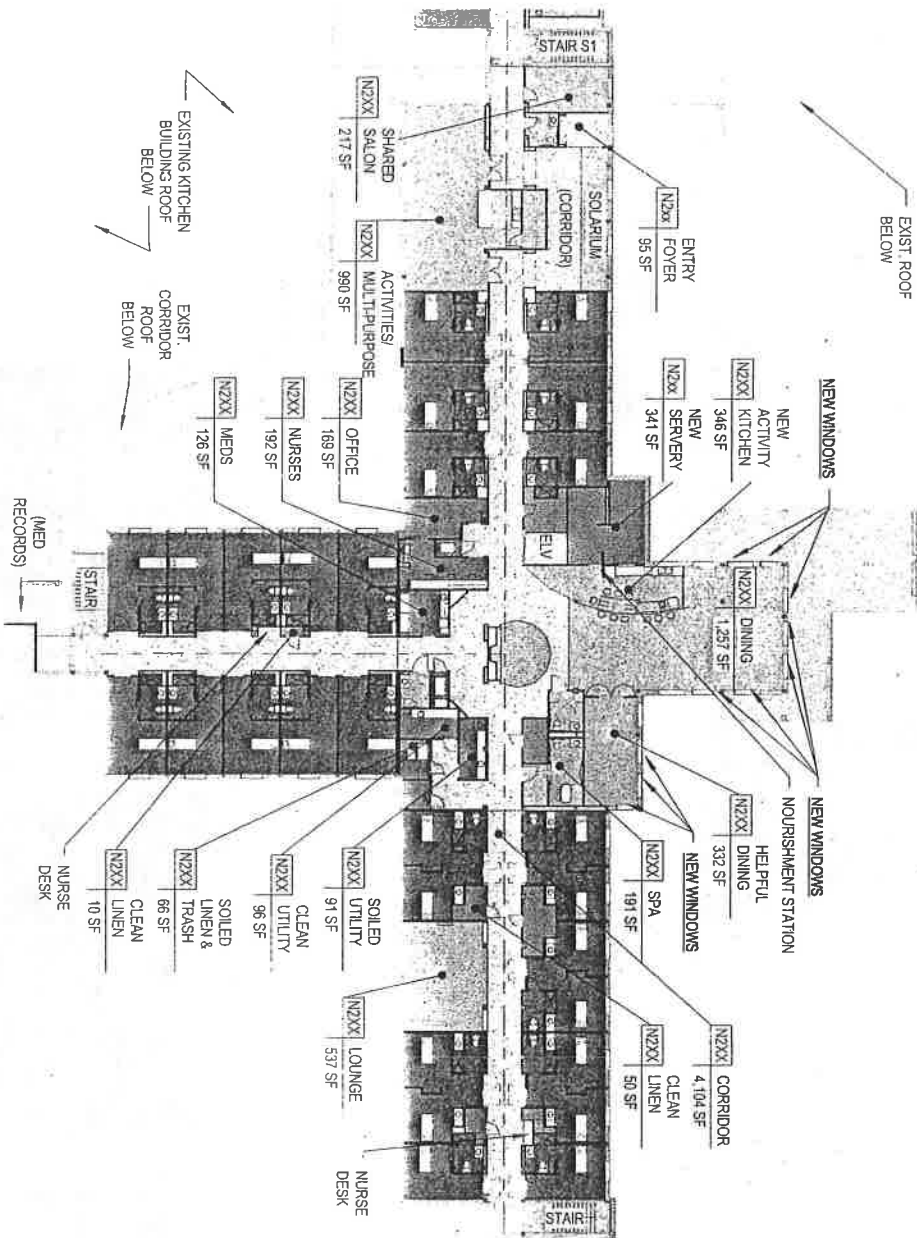


Covington Senior
Living, LLC
1175 Peachtree Street NE
Suite 350
Atlanta, GA 30361

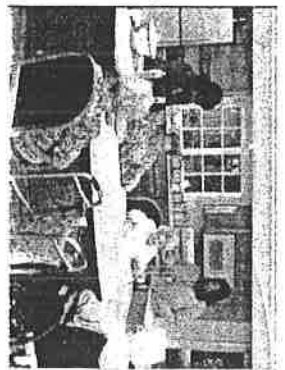
REPOSITIONING
PROJECT
4347 Lebanon Rd.
Hermitage, TN 37076

McKendree
Village





North 2 - Post-completion



ACTIVITY KITCHEN



**McKendree
Village**

**REPOSITIONING
PROJECT**

4347 Lebanon Rd.
Hermitage, TN 37076

**Covington Senior
Living, LLC**

1175 Peachtree Street NE
Suite 350
Atlanta, GA 30361



Schematic Design - PROGRESS DRAWING
02 Proj. No. 12023.01 & 02

DATE: FEBRUARY 5, 2013

SCALE: 1" = 30'-0"

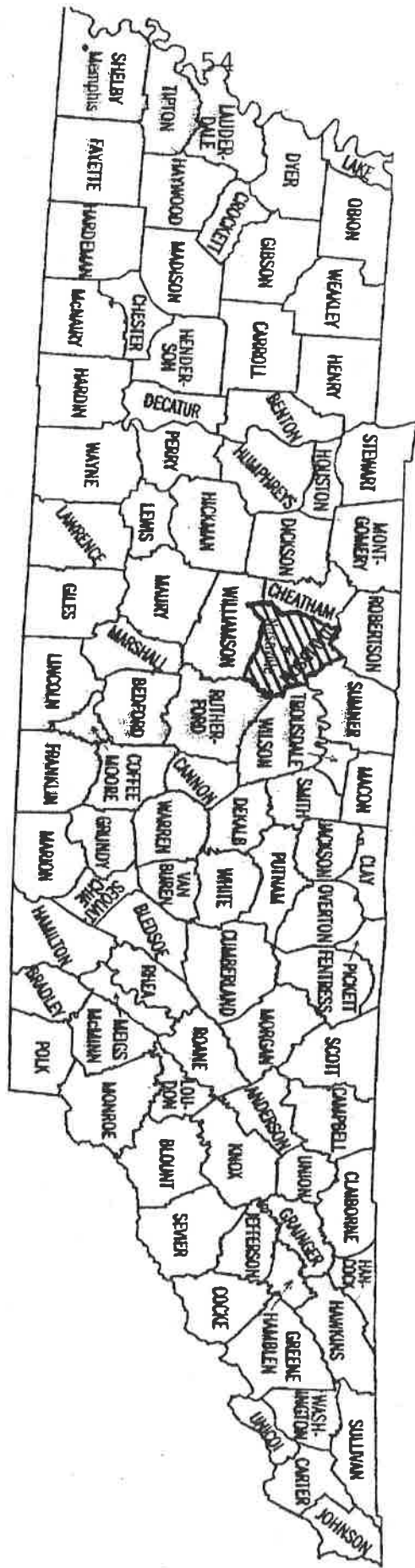
DWG NO.

A3-2a

DWG NAME:

TWO NORTH - LEVEL 2 - SKILLED NURSING

C.3. - Service Area Map



C.4.A. - Demographics

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY - Davidson
RACE/SEX - Total

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	44,840	45,017	45,207	45,391	45,580	45,778	45,983	46,181	46,389	46,594	46,803
5 to 9	39,888	40,033	40,184	40,341	40,502	40,665	40,833	41,104	41,327	41,557	41,787
10 to 14	36,211	36,732	37,272	37,837	38,432	39,063	39,272	39,484	39,699	39,916	40,137
15 to 19	33,055	33,198	33,342	33,492	33,655	33,824	34,351	34,899	35,471	36,070	36,698
20 to 24	36,773	36,957	37,145	37,338	37,545	37,757	38,006	38,258	38,517	38,783	39,062
25 to 29	46,819	45,497	44,225	42,996	41,814	40,674	40,871	41,080	41,291	41,515	41,744
30 to 34	49,417	48,812	48,223	47,649	47,091	46,549	45,175	43,860	42,592	41,374	40,200
35 to 39	45,056	45,453	45,855	46,268	46,680	47,101	46,594	46,098	45,616	45,143	44,688
40 to 44	39,418	40,171	40,947	41,751	42,575	43,428	43,905	44,394	44,889	45,386	45,898
45 to 49	45,459	44,896	44,353	43,829	43,328	42,855	43,770	44,716	45,689	46,695	47,730
50 to 54	43,748	43,847	43,955	44,073	44,199	44,335	43,892	43,466	43,060	42,676	42,310
55 to 59	37,813	38,396	39,002	39,618	40,254	40,898	41,096	41,297	41,513	41,736	41,972
60 to 64	29,963	30,888	31,849	32,854	33,894	34,977	35,605	36,250	36,912	37,588	38,284
65 to 69	20,247	21,278	22,364	23,513	24,721	26,000	26,882	27,799	28,757	29,753	30,788
70 to 74	15,377	15,803	16,238	16,689	17,151	17,630	18,589	19,601	20,669	21,803	22,999
75 to 79	12,026	12,147	12,273	12,402	12,538	12,672	13,069	13,480	13,910	14,350	14,809
80 to 84	9,640	9,518	9,398	9,284	9,168	9,058	9,193	9,334	9,480	9,631	9,790
85 plus	10,083	10,252	10,425	10,598	10,778	10,958	11,066	11,175	11,286	11,398	11,513

ALL AGES 595,833 598,895 602,257 605,923 609,905 614,222 618,202 622,476 627,067 631,968 637,212

COUNTY - Davidson
RACE/SEX - White Male

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	13,362	13,332	13,305	13,276	13,248	13,221	13,236	13,249	13,264	13,279	13,294
5 to 9	11,448	11,436	11,425	11,413	11,402	11,390	11,391	11,391	11,392	11,392	11,393
10 to 14	10,306	10,390	10,474	10,560	10,646	10,734	10,752	10,769	10,785	10,802	10,819
15 to 19	9,508	9,497	9,485	9,473	9,461	9,448	9,542	9,634	9,730	9,825	9,922
20 to 24	11,692	11,631	11,571	11,511	11,451	11,392	11,445	11,499	11,553	11,607	11,662
25 to 29	16,351	15,764	15,195	14,650	14,123	13,615	13,561	13,506	13,450	13,399	13,344
30 to 34	18,203	17,875	17,553	17,237	16,927	16,621	15,983	15,371	14,780	14,215	13,668
35 to 39	16,678	16,820	16,959	17,104	17,248	17,394	17,094	16,800	16,512	16,227	15,949
40 to 44	14,624	14,904	15,189	15,480	15,777	16,079	16,264	16,452	16,641	16,831	17,026
45 to 49	16,234	16,162	16,092	16,021	15,951	15,882	16,226	16,577	16,936	17,304	17,677
50 to 54	15,209	15,319	15,429	15,540	15,652	15,764	15,735	15,705	15,676	15,647	15,617
55 to 59	13,525	13,665	13,810	13,954	14,101	14,247	14,388	14,529	14,673	14,816	14,963
60 to 64	10,744	11,049	11,365	11,690	12,023	12,367	12,514	12,696	12,865	13,034	13,206
65 to 69	7,034	7,424	7,838	8,275	8,734	9,220	9,514	9,817	10,131	10,451	10,785
70 to 74	5,212	5,366	5,522	5,684	5,852	6,023	6,380	6,759	7,158	7,583	8,032
75 to 79	3,784	3,861	3,940	4,022	4,105	4,188	4,331	4,479	4,632	4,791	4,954
80 to 84	2,851	2,820	2,788	2,757	2,725	2,694	2,765	2,840	2,915	2,992	3,073
85 plus	2,279	2,340	2,403	2,466	2,532	2,599	2,636	2,673	2,711	2,750	2,788

ALL AGES 199,044 199,655 200,343 201,113 201,958 202,878 203,774 204,746 205,804 206,945 208,172

Population Projections,
Tennessee Counties and the State,
2010-2020

COUNTY- Davidson
RACE/SEX- White Female

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	12,547	12,518	12,491	12,463	12,436	12,409	12,421	12,431	12,442	12,453	12,464
5 to 9	10,853	10,793	10,732	10,672	10,612	10,553	10,554	10,555	10,555	10,556	10,557
10 to 14	9,703	9,775	9,848	9,922	9,996	10,072	10,045	10,018	9,991	9,963	9,937
15 to 19	8,733	8,761	8,790	8,817	8,844	8,873	8,961	9,049	9,138	9,229	9,321
20 to 24	10,894	10,853	10,810	10,768	10,727	10,686	10,763	10,840	10,917	10,996	11,074
25 to 29	14,973	14,379	13,809	13,260	12,733	12,229	12,201	12,175	12,149	12,122	12,097
30 to 34	15,895	15,533	15,177	14,830	14,490	14,158	13,602	13,068	12,556	12,062	11,588
35 to 39	14,374	14,393	14,414	14,435	14,455	14,477	14,185	13,898	13,622	13,348	13,079
40 to 44	12,792	12,927	13,061	13,201	13,338	13,477	13,541	13,606	13,669	13,733	13,798
45 to 49	15,309	14,958	14,612	14,276	13,945	13,623	13,311	13,997	14,188	14,382	14,577
50 to 54	15,488	15,317	15,149	14,982	14,817	14,653	14,362	14,074	13,795	13,521	13,252
55 to 59	13,987	14,067	14,146	14,225	14,307	14,386	14,274	14,161	14,050	13,940	13,831
60 to 64	11,757	11,961	12,166	12,376	12,589	12,806	12,914	13,024	13,134	13,247	13,359
65 to 69	8,628	8,948	9,280	9,623	9,979	10,350	10,568	10,791	11,019	11,253	11,490
70 to 74	6,894	7,046	7,202	7,363	7,523	7,690	8,007	8,333	8,675	9,030	9,401
75 to 79	5,946	5,955	5,964	5,973	5,981	5,990	6,148	6,311	6,477	6,648	6,826
80 to 84	5,264	5,153	5,044	4,939	4,835	4,734	4,766	4,797	4,829	4,861	4,894
85 plus	6,168	6,250	6,332	6,416	6,501	6,586	6,617	6,648	6,680	6,710	6,742
ALL AGES	200,205	199,587	199,027	198,541	198,108	197,749	197,740	197,776	197,886	198,054	198,287

COUNTY- Davidson
RACE/SEX- Black Male

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	7,951	8,048	8,145	8,244	8,341	8,443	8,511	8,578	8,649	8,718	8,788
5 to 9	7,468	7,536	7,606	7,677	7,746	7,816	7,904	7,994	8,084	8,179	8,273
10 to 14	7,297	7,365	7,434	7,503	7,576	7,648	7,715	7,782	7,849	7,917	7,986
15 to 19	6,591	6,619	6,644	6,671	6,697	6,724	6,783	6,844	6,904	6,965	7,027
20 to 24	5,892	5,987	6,081	6,175	6,274	6,372	6,389	6,405	6,421	6,436	6,453
25 to 29	5,843	5,849	5,854	5,859	5,864	5,868	5,956	6,046	6,137	6,230	6,323
30 to 34	5,572	5,624	5,675	5,726	5,778	5,831	5,836	5,842	5,847	5,852	5,857
35 to 39	5,163	5,211	5,258	5,308	5,356	5,406	5,457	5,509	5,560	5,612	5,665
40 to 44	4,597	4,683	4,772	4,862	4,952	5,046	5,094	5,143	5,192	5,242	5,291
45 to 49	5,470	5,379	5,292	5,204	5,118	5,035	5,131	5,230	5,332	5,435	5,540
50 to 54	5,257	5,288	5,318	5,349	5,379	5,410	5,324	5,243	5,161	5,081	5,002
55 to 59	4,009	4,152	4,300	4,453	4,613	4,777	4,808	4,840	4,873	4,906	4,939
60 to 64	2,850	3,003	3,163	3,333	3,511	3,699	3,837	3,979	4,126	4,279	4,437
65 to 69	1,725	1,845	1,971	2,110	2,255	2,410	2,544	2,683	2,832	2,988	3,151
70 to 74	1,195	1,237	1,280	1,324	1,370	1,418	1,519	1,628	1,742	1,868	2,000
75 to 79	773	789	805	821	839	856	887	920	955	991	1,027
80 to 84	459	464	468	473	476	480	491	503	515	527	540
85 plus	341	347	354	360	367	374	382	390	398	406	414
ALL AGES	78,453	79,426	80,420	81,452	82,512	83,613	84,568	85,559	86,577	87,632	88,713

Source: Tennessee Department of Health, Office of Policy, Planning and Assessment, Division of Health Statistics

2008 Revision (2/08)

Population Projections,
Tennessee Counties and the State,
2010-2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
AGE											
0 to 4	7,782	7,877	7,976	8,073	8,175	8,276	8,344	8,413	8,482	8,550	8,621
5 to 9	7,310	7,376	7,443	7,510	7,581	7,652	7,742	7,833	7,925	8,019	8,113
10 to 14	6,947	7,047	7,148	7,249	7,352	7,456	7,523	7,590	7,660	7,728	7,796
15 to 19	6,721	6,719	6,717	6,714	6,713	6,710	6,801	6,895	6,989	7,085	7,182
20 to 24	6,613	6,741	6,871	7,002	7,137	7,276	7,267	7,258	7,248	7,238	7,229
25 to 29	6,869	6,823	6,779	6,733	6,690	6,644	6,770	6,902	7,034	7,169	7,307
30 to 34	6,821	6,787	6,754	6,720	6,688	6,656	6,611	6,567	6,523	6,481	6,437
35 to 39	5,855	5,998	6,147	6,297	6,451	6,610	6,578	6,547	6,516	6,484	6,455
40 to 44	5,211	5,297	5,384	5,473	5,563	5,656	5,795	5,939	6,087	6,236	6,392
45 to 49	6,500	6,330	6,162	5,999	5,842	5,689	5,783	5,883	5,981	6,081	6,184
50 to 54	6,203	6,240	6,278	6,316	6,354	6,392	6,228	6,069	5,910	5,757	5,610
55 to 59	4,958	5,114	5,280	5,450	5,625	5,804	5,844	5,883	5,922	5,963	6,004
60 to 64	3,560	3,759	3,971	4,197	4,435	4,685	4,838	4,999	5,165	5,333	5,510
65 to 69	2,203	2,353	2,512	2,682	2,865	3,060	3,236	3,422	3,619	3,830	4,053
70 to 74	1,669	1,716	1,763	1,812	1,862	1,915	2,048	2,190	2,344	2,508	2,681
75 to 79	1,330	1,332	1,335	1,337	1,340	1,342	1,382	1,423	1,467	1,510	1,556
80 to 84	974	985	997	1,009	1,021	1,033	1,038	1,043	1,048	1,053	1,058
85 plus	1,240	1,261	1,283	1,304	1,326	1,348	1,373	1,399	1,425	1,451	1,478
ALL AGES	88,766	89,755	90,800	91,877	93,020	94,204	95,201	96,255	97,345	98,476	99,666

COUNTY - Davidson
RACE/SEX - Other Male

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	1,638	1,661	1,685	1,709	1,734	1,758	1,780	1,799	1,821	1,843	1,863
5 to 9	1,418	1,464	1,512	1,561	1,612	1,663	1,683	1,703	1,724	1,745	1,766
10 to 14	981	1,080	1,188	1,307	1,439	1,586	1,633	1,683	1,733	1,785	1,838
15 to 19	826	869	913	958	1,008	1,059	1,158	1,266	1,384	1,514	1,655
20 to 24	838	884	935	988	1,044	1,102	1,145	1,188	1,234	1,280	1,329
25 to 29	1,392	1,338	1,288	1,238	1,191	1,146	1,199	1,256	1,315	1,376	1,442
30 to 34	1,496	1,525	1,557	1,589	1,620	1,653	1,580	1,509	1,443	1,378	1,318
35 to 39	1,576	1,593	1,611	1,627	1,645	1,662	1,688	1,715	1,741	1,767	1,794
40 to 44	1,183	1,267	1,356	1,451	1,552	1,661	1,674	1,690	1,707	1,722	1,738
45 to 49	1,002	1,072	1,148	1,227	1,313	1,406	1,500	1,602	1,709	1,825	1,947
50 to 54	805	856	910	968	1,030	1,097	1,172	1,251	1,337	1,429	1,526
55 to 59	626	665	708	752	798	847	901	957	1,018	1,082	1,151
60 to 64	517	540	564	589	615	643	681	721	763	808	854
65 to 69	325	349	375	403	434	467	488	511	534	558	582
70 to 74	198	212	227	242	259	277	301	328	356	387	421
75 to 79	79	88	99	110	124	138	149	160	174	187	202
80 to 84	36	36	36	36	36	36	43	52	63	76	90
85 plus	18	17	15	14	13	12	14	16	18	20	23
ALL AGES	14,954	15,516	16,127	16,769	17,467	18,213	18,789	19,407	20,074	20,782	21,539

COUNTY- Davidson
RACE/SEX- Other Female

Population Projections,
Tennessee Counties and the State,
2010-2020

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	1,560	1,581	1,605	1,626	1,646	1,671	1,691	1,711	1,731	1,751	1,773
5 to 9	1,391	1,428	1,466	1,508	1,549	1,591	1,609	1,628	1,647	1,666	1,685
10 to 14	977	1,075	1,180	1,296	1,423	1,567	1,604	1,642	1,681	1,721	1,761
15 to 19	676	733	793	859	932	1,010	1,106	1,211	1,326	1,452	1,591
20 to 24	844	861	877	894	912	929	997	1,068	1,144	1,226	1,315
25 to 29	1,391	1,344	1,300	1,256	1,213	1,172	1,184	1,195	1,206	1,219	1,231
30 to 34	1,430	1,468	1,507	1,547	1,588	1,630	1,563	1,503	1,443	1,386	1,332
35 to 39	1,410	1,438	1,466	1,497	1,525	1,555	1,592	1,629	1,665	1,705	1,746
40 to 44	1,011	1,093	1,185	1,284	1,393	1,509	1,537	1,564	1,593	1,622	1,653
45 to 49	944	995	1,047	1,102	1,159	1,220	1,319	1,427	1,543	1,668	1,805
50 to 54	786	827	871	918	967	1,019	1,071	1,124	1,181	1,241	1,303
55 to 59	708	733	758	784	810	837	881	927	977	1,029	1,084
60 to 64	535	576	620	669	721	777	804	831	859	887	918
65 to 69	332	359	388	420	454	493	532	575	622	673	727
70 to 74	209	226	244	264	285	307	334	363	394	427	464
75 to 79	114	122	130	139	149	158	172	187	205	223	244
80 to 84	56	60	65	70	75	81	90	99	110	122	135
85 plus	37	37	38	38	39	39	44	49	54	61	68
ALL AGES	14,411	14,956	15,540	16,171	16,840	17,565	18,130	18,733	19,381	20,079	20,835

C. Economic Feasibility 1. - Construction Documentation



March 12, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, TN 37243

Re: McKendree Village
Hermitage, Davidson County, TN

Dear Ms. Hill:

Our firm has been retained by Nashville Senior Care, LLC, d/b/a McKendree Village. Their proposal requests permission from you to renovate and reposition 80 skilled nursing home beds by renovating existing space which formerly provided SNF services for this intended use.

We have reviewed the square footage and cost per square footage chart that accompanies the Applicant's Certificate of Need request for the proposed nursing home facility located on Lebanon Road in Davidson County, Tennessee. The proposed incremental cost to construct the project so as to provide a physical environment according to applicable federal, state, and local construction codes, standards, specifications, and requirements for this approximately 50,240-square-foot renovation are:

Architectural & Engineering Fees	\$109,300.00
Construction Costs	<u>\$3,530,000.00</u>
TOTAL	<u>\$3,639,300.00</u>

The physical environment will conform to applicable federal standards, manufacturers' specifications, and licensing agencies' requirements, including the new 2006 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities.

The above costs appear to be a reasonable and accurate estimate of probable renovation and building costs in today's construction market.

Sincerely,

D2 Architectural, LLC

Doug Bissell, AIA
Principal

D2 Architecture
2001 North Lamar Street
Suite 450
Dallas, Texas 75202
p_ 214.220.1800
f_ 214.220.1818

www.d2-architecture.com

David Dillard, President of D2 Architecture, LLC, is registered to practice architecture in the State of Tennessee, License # 00103952.

C. Economic Feasibility 2. - Finance Letter



March 12, 2012

Ms. Karen G. Marshall
Controller/Chief Accountant
Nashville Senior Care, LLC
4347 Lebanon Road
Hermitage, Tennessee 37076

Re: Confirmation of Financing Availability

Dear Karen:

I understand you are submitting a Certificate of Need application to make significant enhancements to McKendree Village, including substantial upgrades of mechanical systems and major improvements in all health center patient room and common areas. You are estimating that the total project cost will be approximately \$3,800,000.

As you know, BB&T (along with other lenders), has extended a credit facility, including a Line of Credit, to your company's Borrowing Group which includes Nashville Senior Care, LLC, and related entities. The purpose of these funds is to support your capital improvement plans and working capital needs as they arise.

As of December 31, 2012, there remains an outstanding availability for Nashville Senior Care, LLC, and related companies in the amount of \$2,363,667. These funds are readily available for implementing the Certificate of Need capital improvements project should it be approved.

The remainder of funds required to implement this capital improvements project will be paid for out of cash on hand and through additional funds which BB&T will extend, subject to credit approval, should this Certificate of Need application be approved. In support of this project and other related McKendree Village facility enhancements, it is anticipated that Nashville Senior Care, LLC, will receive bank financing of at least \$5,000,000 (via extension of its existing credit facility), subject to credit approval.

It is our pleasure to assist with your banking needs.

Sincerely,

A handwritten signature in dark ink, appearing to read 'J. Kiel'.

Jordan S. Kiel
Vice President

C. Economic Feasibility 10. - Balance Sheet and Income Statement

65
NASHVILLE SENIOR CARE, LLC
D/B/A MCKENDREE VILLAGE
PROFIT AND LOSS STATEMENT
FYE 31 DECEMBER 2012

NET REVENUE:

Revenue	18,183,572
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EXPENSES:

Dietary	2,472,734
Nursing - SNF	4,482,566
Social Services - SNF	254,481
Nursing - AL	877,163
Activities	378,140
Administrative	2,217,070
Maintenance	2,464,053
Housekeeping	537,298
Laundry	225,205
Property	376,279
Marketing	191,050
Ancillary	<u>1,532,648</u>
Total Expenses	<u>16,008,688</u>

NET OPERATING INCOME	2,174,884
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NON-OPERATING EXPENSES:

Interest Expense	747
Lease Expense	1,980,000
Depreciation Expense	4,840
Franchise and Excise Tax	<u>18,392</u>

TOTAL NON-OPERATING EXPENSES	2,003,979
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NET INCOME	<u>170,905</u>
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NASHVILLE SENIOR CARE, LLC
D/B/A MCKENDREE VILLAGE
BALANCE SHEET
31 DECEMBER, 2012

ASSETS

CURRENT ASSETS

Cash - BBT	519,825
Cash - Security Deposits	126,986
A/R Private	61,694
A/R M'Care (Includes Coins)	395,370
A/R Medicaid	439,802
A/R Insurance	798,347
A/R Part B Therapy	55,451
A/R - Hospice	25,055
A/R - MVI	15,445
Due From Medicare Cost Report	33,272
A/R Clearing	(17,910)
Allowance for Bad Debt	(113,682)

Total Current Assets 2,339,654

PROPERTY & EQUIPMENT

Vehicles	26,355
Accumulated Depreciation	(4,840)
Certificate of Need	64,958

Total Property & Equipment 86,473

OTHER ASSETS

Prepaid Expense	18,924
Prepaid Insurance	228,128

Total Other Assets 247,052

Total Assets 2,673,178

LIABILITIES AND CAPITAL

CURRENT LIABILITIES

Accounts Payable - Trade	427,039
Accrued Payables	75,912
Accrued Payroll	177,956
Accrued Property Tax	308,712
Accrued Vacation, Sick, Holiday	435,961
Accrued Management Fees	75,047
Accrued 401K	4,683
Accrued Health Insurance	55,760
Accrued Sales Tax	648
Due to Related Party	130,914
Resident Security Deposits	126,986

Total Current Liabilities 1,819,619

LONG TERM LIABILITIES

Entrance Fee Liability 867,015

CAPITAL

(13,456)

Total Liabilities & Capital 2,673,178

**C. Contribution to the Orderly Development of Health
Care 7.B. - Licenses**

Board for Licensing Health Care Facilities

State of Tennessee



License No. 00000000058

No. Beds 0150

DEPARTMENT OF HEALTH

This is to certify, that a license is hereby granted by the State Department of Health to

NASHVILLE SENIOR CARE, LLC

to conduct

and maintain a Nursing Home MCKENDREE VILLAGE

Located at 4347 LEBANON ROAD, HERMITAGE

County of DAVIDSON, Tennessee.

This license shall expire FEBRUARY 07, 2014 *and is subject*

to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.

In Witness Whereof, we have hereunto set our hand and seal of the State

this 7TH day of FEBRUARY, 2013.

By Lucius J. Davis, MPH

DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

By John J. Davis
COMMISSIONER



**C. Contribution to the Orderly Development of Health
Care 7.C. - Most Recent Licensure/Certification
Inspection**



McKendree Village

05 September 2012

Via Fax and Overnight Delivery

Karen B. Kirby, R.N.
Regional Administrator
Health Care Facilities
Lake Shore Park
5904 Lyons View Pike, Building 1
Knoxville, TN 37919

RE: McKendree Village
Plan of Correction
Provider Number 445491
Survey Completed on 22 August 2012

Dear Ms. Kirby,

Enclosed please find at McKendree Village's plan of correction for the Survey completed on 22 August 2012.

If you have any questions or need any additional information please call me at 1.615.871.8848 or email me at barbara.morrison@mckendree.com

Sincerely,

Barbara Morrison, LNHA
Executive Director
McKendree Village
Enclosures

2012-08-30 11:01

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6158718896 P 2/7

PRINTED: 08/30/2012

FORM APPROVED

OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445491	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/22/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 000	INITIAL COMMENTS AMENDED: August 23, 2012. An annual recertification survey and complaint investigation #28637, #28735, and #30212, were conducted at McKendree Village on August 20 to 22, 2012. No deficiencies were cited related to complaint investigation #28637, #28735, and #30212, under 42 CFR Part 482.13, Requirements for Long Term Care Facilities. F 323 SS=G 483.25(h) FREE OF ACCIDENT HAZARDS/SUPERVISION/DEVICES The facility must ensure that the resident environment remains as free of accident hazards as is possible; and each resident receives adequate supervision and assistance devices to prevent accidents. This REQUIREMENT is not met as evidenced by: Based on medical record review, facility policy review, and interview, the facility failed to implement interventions to prevent falls for one resident (#6) and failed to ensure a safety device was in place for one resident (#18) of twenty-four residents reviewed. The facility's failure to implement interventions to prevent falls resulted in harm to resident #6. The findings included: Resident #6 was admitted to the facility on June 16, 2012, with diagnoses including Weakness, Urinary Retention, Lumbosacral Spondylosis	F 000	Allegation of Substantial Compliance McKendree Village (herein after sometimes "facility") has and continues to be in substantial compliance with 42 CFR Part 482.13, Requirements for Long Term Care Facilities. McKendree Village has or will have substantially corrected the alleged deficiencies and achieved substantial compliance by the date specified herein. This Plan of Correction constitutes McKendree Village's allegation of substantial compliance such that the alleged deficiencies cited have been or will be substantially corrected on or before 18 SEPTEMBER 2012. The statements made on this plan of correction are not an admission to and do not constitute an agreement with the alleged deficiencies herein. To continue to remain in substantial compliance with 42 CFR Part 482.13, Requirements for Long Term Care Facilities, McKendree Village has taken or will take the actions set forth in this plan of correction. F 323 483.25(H) FREE OF ACCIDENT HAZARDS/SUPERVISION/DEVICES		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/30/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445491	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/22/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 323	<p>Continued From page 1</p> <p>(degenerative spinal condition), and Diabetes Mellitus.</p> <p>Medical record review of a Nurse's Note dated July 21, 2012, at 6:00 p.m., revealed "...pt (patient) fell on floor...(no) bumps or bruising/redness found..."</p> <p>Review of a facility investigation dated July 21, 2012, revealed no intervention was implemented after the resident fell on July 21, 2012.</p> <p>Medical record review of a Nurse's Note dated July 22, 2012, 6:30 p.m., revealed "... (resident) on the floor bleeding from the head...open laceration to left temporal (temporal) area..."</p> <p>Medical record review of a Physician's Order dated July 22, 2012, revealed "...send pt (patient)...ER (emergency room) for eval (evaluation) and treat (treatment)..."</p> <p>Review of the resident's care plan updated on July 22, 2012, revealed "...bed/chair alarm added..."</p> <p>Review of facility policy, Falls - Clinical Protocol, (not dated) revealed, "...the staff and physician will identify pertinent interventions to try to prevent subsequent falls..."</p> <p>Interview with the Director of Nursing on August 22, 2012, at 9:45 a.m.; in the first floor conference room, confirmed no intervention was put into place after the resident fell on July 21, 2012, resulting in a second fall on July 22, 2012, with a laceration to the temporal area of the head requiring sutures.</p>	F 323	<p>The facility has and will continue to ensure interventions to prevent falls are implemented, modified as needed after a fall,</p> <p>and safety devices are in place as per the plan of care and or physician orders.</p> <p>On or before 18 SEPTEMBER 2012, licensed nurses and certified nurse aides will attend an in-service. The in-service will be conducted by the Director of Nursing or Designee and will include:</p> <ul style="list-style-type: none"> • Review of the regulation • Review of the statement of deficiency • Review of the plan of correction • Implementing interventions for residents at risk for falls • Implementing new interventions/ changing interventions after a resident falls • Ensuring safety devices are in place per the physicians order/ plan of care 		

2012-08-30 11:01

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 DEPARTMENT OF HEALTH AND HUMAN SERVICES
 CENTERS FOR MEDICARE & MEDICAID SERVICES

 PRINTED: 08/30/2012
 FORM APPROVED
 OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445491	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/22/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLETION DATE	
F 323	<p>Continued From page 2</p> <p>Resident #18 was admitted to the facility on April 14, 2009, with diagnoses including Late-effect Hemiplegia, Dysphasia, Disturbance of Vision, Difficulty in Walking, Dysphagia, Diabetes Mellitus Type Two, and Neuropathy.</p> <p>Medical record review of the quarterly Minimum Data Set dated August 9, 2012, revealed the resident had severely impaired cognition and required extensive assistance with activities of daily living.</p> <p>Review of the resident's care plan revealed, "... (the resident) is at risk for falls..." Further review of the resident's care plan revealed, "...3/2/12-Fall no Injuries..." Continued review of the resident's care plan revealed, "...Chair and bed alarm in place. Check function/placement q (every) shift..."</p> <p>Observation of the resident on August 21, 2012, at 2:15 p.m., in the 100 Unit Common Area, revealed the resident sitting in a wheelchair in front of the television. Further observation: revealed the resident's wheelchair did not have a pad alarm in place.</p> <p>Interview with Licensed Practical Nurse #2 on August 21, 2012, at 2:50 p.m., in the 100 Unit Common Area, confirmed the resident's wheelchair did not have a pad alarm in place.</p> <p>Observation of the resident on August 22, 2012, at 7:30 a.m., in the resident's room, revealed the resident sitting in a wheelchair without a pad alarm in place.</p>	F 323	<p>Resident #6 no longer resides at the facility.</p> <p>Resident # 18's safety devices are in place per the physicians order/ plan of care</p> <p>The care plans of residents who have had falls have been reviewed to ensure the interventions continue to meet the resident's needs.</p> <p>Residents who have orders and or plans of care for safety devices have been reviewed to ensure the safety devices are in place per the order or plan of care.</p> <p>On admission, quarterly, and as needed residents are evaluated for fall risk and individualized interventions are implemented and or modified to meet the residents need.</p> <p>Beginning 11 SEPTEMBER 2012, The Administrator or designee will monitor for continued compliance thorough Quality Improvement audits (See Attachment A). The audits will be completed weekly for one month and monthly for one quarter. The Administrator or designee will report to the QA/QI committee who will determine the frequency of further monitoring.</p>		

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/30/2012
FORM APPROVED
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445491	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/22/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 323	Continued From page 3 Interview with the Assistant Director of Nursing on August 22, 2012, at 7:35 a.m., in the resident's room, confirmed the resident's wheelchair did not have a pad alarm in place.	F 323	Completion date: 18 SEPTEMBER 2012		
F 431 SS=D	483.60(b), (d), (e) DRUG RECORDS, LABEL/STORE DRUGS & BIOLOGICALS The facility must employ or obtain the services of a licensed pharmacist who establishes a system of records of receipt and disposition of all controlled drugs in sufficient detail to enable an accurate reconciliation; and determines that drug records are in order and that an account of all controlled drugs is maintained and periodically reconciled. Drugs and biologicals used in the facility must be labeled in accordance with currently accepted professional principles, and include the appropriate accessory and cautionary instructions, and the expiration date when applicable. In accordance with State and Federal laws, the facility must store all drugs and biologicals in locked compartments under proper temperature controls, and permit only authorized personnel to have access to the keys. The facility must provide separately locked, permanently affixed compartments for storage of controlled drugs listed in Schedule II of the Comprehensive Drug Abuse Prevention and Control Act of 1976 and other drugs subject to abuse, except when the facility uses single unit package drug distribution systems in which the quantity stored is minimal and a missing dose can be readily detected.	F 431	F 431 483.60 (b),(d),(e) DRUG AND BIOLOGICAL LABEL/STORE On or before 18 SEPTEMBER 2012, licensed nurses will attend an in-service. The in-service will be conducted by the Director of Nursing or Designee and will include: <ul style="list-style-type: none"> • Review of the regulation • Review of the statement of deficiency • Review of the plan of correction • Ensuring medications available for resident use are not expired • Disposition of medications that have expired The four Promethazine tablets have been removed and destroyed. Medication carts were reviewed to ensure there were no other expired medications. At least, monthly and at the time of medication administration, expiration dates are reviewed to ensure medications administered to residents are not expired.		

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CENTERS FOR MEDICARE & MEDICAID SERVICES

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445491	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/22/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 431	Continued From page 4 This REQUIREMENT is not met as evidenced by: Based on observation and interview, the facility failed to ensure medications were not available for use beyond the expiration date on one of four medication carts. The findings included: Observation of the first floor East Wing medication cart "B" on August 21, 2012, at 10:05 a.m., revealed four Promethazine (antihistamine and antiemetic) 25 milligram tablets with an expiration date of April 2012. Interview with Licensed Practical Nurse #1 on August 21, 2012, at 10:05 a.m., at the First Floor nurses station, confirmed the medication was available for use beyond the expiration date.	F 431	Beginning 11 SEPTEMBER 2012, The Administrator or designee will monitor for continued compliance through Quality Improvement audits (See Attachment A). The audits will be completed weekly for one month and monthly for one quarter. The Administrator or designee will report to the QA/QI committee who will determine the frequency of further monitoring. Completion date: 18 SEPTEMBER 2012		

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Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN1934	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 08/22/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
N 002	1200-8-6 No Deficiencies An Annual Survey and complaint investigation #28637, #28735, and #30212, were conducted at McKendree Village on August 20 to 22, 2012. No deficiencies were cited related to complaint investigation #28637, #28735, and #30212 under Chapter 1200-8-6, Standards for Nursing Homes.	N 002			

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE
STATE FORM

TITLE Administrator (X5) DATE 9/4/12

XK1Q11

If continuation sheet 1 of 1

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/24/2012
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OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445491	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING _____		(X3) DATE SURVEY COMPLETED 08/20/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 022 SS=E	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Access to exits is marked by approved, readily visible signs in all cases where the exit or way to reach exit is not readily apparent to the occupants. 7.10.1.4</p> <p>This STANDARD is not met as evidenced by: Based on observation, it was determined the facility did not properly mark an exit.</p> <p>The finding included:</p> <p>Observation of the activities room adjacent to 1 East nurses station on 8/20/12 at 6:53 PM, revealed the patio door was not marked as a 'No Exit' door.</p> <p>This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.</p>	K 022	<p>Allegation of Substantial Compliance</p> <p>McKendree Village has and continues to be in substantial compliance with 42 CFR Part 483 subpart B. Life Safety from fire and the 2001 edition of the National fire Protection Association (NFPA) 101, Life Safety code Chapter 19 Existing Health Care. McKendree Village has or will have substantially corrected the alleged deficiencies and</p> <p>achieved substantial compliance by the date specified herein.</p> <p>This Plan of Correction constitutes McKendree Village's allegation of substantial compliance such that the alleged deficiencies cited have been or will be substantially corrected on or before 18 SEPTEMBER 2012.</p> <p>The statements made on this plan of correction are not an admission to and do not constitute an agreement with the alleged deficiencies herein. To continue to remain in substantial compliance with state and federal regulations McKendree Village has taken or will take the actions set forth in this plan of correction.</p>		
K 067 SS=E	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Heating, ventilating, and air conditioning comply with the provisions of section 9.2 and are installed in accordance with the manufacturer's specifications. 19.5.2.1, 9.2, NFPA 90A, 19.5.2.2</p>	K 067	<p>K 022 NFPA 101 LIFE SAFETY CODE STANDARD</p>		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Will Anthony Administrator 9/4/12

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/24/2012
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OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445491	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING _____		(X3) DATE SURVEY COMPLETED 08/20/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 067	Continued From page 1 This STANDARD is not met as evidenced by: Based on observation, it was determined the facility to comply with ventilation provisions. The finding included: Observation of the bathroom of room 265 North on 8/20/12 at 7:16 PM, revealed the exhaust fan was not working. This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12. NFPA 101 LIFE SAFETY CODE STANDARD Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code, 9.1.2 This STANDARD is not met as evidenced by: Based on observation, it was determined the facility did not maintain the electrical wiring. The findings included: Observation on 8/20/12 at 6:54 PM, revealed extension cords were being used in rooms' 186, 179, and the beauty shop. This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.	K 067	The facility has and will continue to ensure access to exits is marked by approved, readily visible signs in all cases where the exit or way to reach exit is not readily apparent to the occupant.. 7.19.1.4 On or before 18 SEPTEMBER 2012, Maintenance staff will attend an in-service. The in-service will be conducted by the Executive Director or Designee and will include: <ul style="list-style-type: none"> • Review of the regulation • Review of the statement of deficiency • Review of the plan of correction • Ensuring access to exits is marked by approved, readily visible signs in all cases where the exit or way to reach exit is not readily apparent to the occupant The exit door in the activities room adjacent to the 1 East nurses station has a sign that notes "NO EXIT." Other exit doors in the Health Center have been evaluated to ensure access to exits is marked by approved, readily visible signs in all cases where the exit or		
K 147 SS=E		K 147			

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NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 067	Continued From page 1 This STANDARD is not met as evidenced by: Based on observation, it was determined the facility to comply with ventilation provisions. The finding included: Observation of the bathroom of room 265 North on 8/20/12 at 7:16 PM, revealed the exhaust fan was not working. This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.	K 067	way to reach exit is not readily apparent to the occupant Beginning 11 SEPTEMBER 2012, The Administrator or designee will monitor for continued compliance through Quality Improvement audits (See Attachment B). The audits will be completed weekly for one month and monthly for one quarter. The Administrator or designee will report to the QA/QI committee who will determine the frequency of further monitoring.	
K 147 SS=E	NFPA 101 LIFE SAFETY CODE STANDARD Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code, 9.1.2 This STANDARD is not met as evidenced by: Based on observation, it was determined the facility did not maintain the electrical wiring. The findings included: Observation on 8/20/12 at 6:54 PM, revealed extension cords were being used in rooms' 186, 179, and the beauty shop. This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.	K 147	Completion date: 18 SEPTEMBER 2012 K 067 101 LIFE SAFETY CODE STANDARD The facility has and will continue to ensure heating, ventilating and air-condition comply with the provisions of section 9.2 and are installed in accordance with the manufactures specifications 19.5.2.1, 9.2, NFPA 90A, 19.5.2.2 On or before 18 SEPTEMBER 2012, Maintenance staff will attend an in-service. The in-service will be conducted by the Executive Director or Designee and will include:	

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NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
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K 067	Continued From page 1 This STANDARD is not met as evidenced by: Based on observation, it was determined the facility to comply with ventilation provisions. The finding included: Observation of the bathroom of room 265 North on 8/20/12 at 7:16 PM, revealed the exhaust fan was not working. This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.	K 067	<ul style="list-style-type: none"> Review of the regulation Review of the statement of deficiency Review of the plan of correction Ensuring exhaust fans in residents bathrooms are in working order <p>The exhaust fan in the bathroom of 265N is in working order.</p>		
K 147 SS=E	NFPA 101 LIFE SAFETY CODE STANDARD Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code, 9.1.2 This STANDARD is not met as evidenced by: Based on observation, it was determined the facility did not maintain the electrical wiring. The findings included: Observation on 8/20/12 at 6:54 PM, revealed extension cords were being used in rooms' 186, 179, and the beauty shop. This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.	K 147	<p>Exhaust fans in the Health Center have been evaluated to ensure they continue to be in working order.</p> <p>Beginning 11 SEPTEMBER 2012, The Administrator or designee will monitor for continued compliance through Quality Improvement audits. (See Attachment B) The audits will be completed weekly for one month and monthly for one quarter. The Administrator or designee will report to the QA/QI committee who will determine the frequency of further monitoring.</p> <p>Completion date: 18 SEPTEMBER 2012</p> <p>K 147 101 LIFE SAFETY CODE STANDARD</p>		

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NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
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K 067	Continued From page 1 This STANDARD is not met as evidenced by: Based on observation, it was determined the facility to comply with ventilation provisions. The finding included: Observation of the bathroom of room 265 North on 8/20/12 at 7:16 PM, revealed the exhaust fan was not working. This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12. NFPA 101 LIFE SAFETY CODE STANDARD	K 067	The facility has and will continue to ensure electrical wiring and equipment is in accordance with NFPA 70, National Electric Code. 9.1.2 On or before 18 SEPTEMBER 2012, Maintenance staff, licensed nurses and certified nurse aides will attend an in-service. The in-service will be conducted by the Executive Director or Designee and will include:		
K 147 SS=E	Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code. 9.1.2 This STANDARD is not met as evidenced by: Based on observation, it was determined the facility did not maintain the electrical wiring. The findings included: Observation on 8/20/12 at 6:54 PM, revealed extension cords were being used in rooms' 186, 179, and the beauty shop. This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.	K 147	<ul style="list-style-type: none"> Review of the regulation Review of the statement of deficiency Review of the plan of correction Prohibition on the use of extension cords <p>A letter has been sent to residents and family members advising them of the prohibition on the use of extension cords.</p> <p>The prohibition on the use of extension cords was addressed in the resident council association meeting.</p> <p>There are no extension cords in use in rooms 181, 179 or the beauty shop.</p>		

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NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
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K 067	Continued From page 1	K 067	Other rooms were reviewed to ensure no extension cords were in use.		
	This STANDARD is not met as evidenced by: Based on observation, it was determined the facility to comply with ventilation provisions.		At the time of admission residents and or their responsible party are notified that the use of extension cords is prohibited.		
	The finding included:		During orientation and at the time of annual safety education training, staff are notified that the use of extension cords is prohibited.		
	Observation of the bathroom of room 265 North on 8/20/12 at 7:16 PM, revealed the exhaust fan was not working.				
	This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.				
K 147 SS=E	NFPA 101 LIFE SAFETY CODE STANDARD	K 147	Beginning 11 SEPTEMBER 2012, The Administrator or designee will monitor for continued compliance through Quality Improvement audits (See Attachment B). The audits will be completed weekly for one month and monthly for one quarter. The Administrator or designee will report to the QA/QI committee who will determine the frequency of further monitoring.		
	Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code, 9.1.2				
	This STANDARD is not met as evidenced by: Based on observation, it was determined the facility did not maintain the electrical wiring.				
	The findings included:				
	Observation on 8/20/12 at 6:54 PM, revealed extension cords were being used in rooms' 186, 179, and the beauty shop.				
	This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.		Completion date: 18 SEPTEMBER 2012		

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Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN1934	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING _____	(X3) DATE SURVEY COMPLETED 08/20/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC		STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N 831	<p>1200-8-6-.08 (1) Building Standards</p> <p>(1) A nursing home shall construct, arrange, and maintain the condition of the physical plant and the overall nursing home environment in such a manner that the safety and well-being of the residents are assured.</p> <p>This Rule is not met as evidenced by: Based on observation, it was determined the facility failed to maintain the overall nursing home environment.</p> <p>The finding included:</p> <p>Observation of the bathroom in room 265 North on 8/20/12 at 7:16 PM, revealed a water stained light cover.</p> <p>This finding was acknowledged by the executive director and verified by the maintenance director during the exit conference on 8/20/12.</p>	N 831	<p>N 831 1200-8-6-.08 (1) Building standards</p> <p>The facility has and will continue to ensure the environment is maintained.</p> <p>On or before 18 SEPTEMBER 2012, Maintenance staff, licensed nurses and certified nurse aides will attend an in-service. The in-service will be conducted by the Executive Director or Designee and will include:</p> <ul style="list-style-type: none"> • Review of the regulation • Review of the statement of deficiency • Review of the plan of correction • Replacing light covers as needed <p>The light cover in room 265 North has been replaced.</p> <p>Other light covers have been evaluated to ensure they continue to be in good repair.</p>	
N 902	<p>1200-8-6-.09(2) Life Safety</p> <p>(2) The nursing home shall provide fire protection by the elimination of fire hazards, by the installation of necessary fire fighting equipment and by the adoption of a written fire control plan. Fire drills shall be held at least quarterly for each work shift for nursing home personnel in each separate patient-occupied nursing home building. There shall be a written report documenting the evaluation of each drill and the action recommended or taken for any deficiencies found. Records which document and evaluate these drills must be maintained for at least three (3) years. All drills which result in a</p>	N 902		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:

STATE FORM

1-0000

XR16Q21

TITLE

Administrator

(X6) DATE

9/4/12

If continuation sheet 1 of 2

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN1934	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING _____		(X3) DATE SURVEY COMPLETED 08/20/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
N 902	<p>Continued From page 1</p> <p>response by the local fire department shall be reported to the department within seven (7) days. The report shall contain sufficient information to ascertain the nature and location of the fire, its probable cause and any injuries incurred by any person or persons as a result of the fire. Initial reports by the facility may omit the name(s) of resident(s) and parties involved, however, should the department find the identities of such persons to be necessary to an investigation, the facility shall provide such information.</p> <p>Authority: T.C.A. §§4-5-202, 4-5-204, 68-11-202, 68-11-204, 68-11-206, and 68-11-209.</p> <p>This Rule is not met as evidenced by: Based on observation, it was determined the facility failed to eliminate fire hazards.</p> <p>The finding included:</p> <p>Observation of the 1st Floor East laundry room on 8/20/12 at 6:51 PM, revealed the dryer lint filter was dirty.</p> <p>This finding was acknowledged by the executive director and verified by the director of maintenance during the exit conference on 8/20/12.</p>	N 902	<ul style="list-style-type: none"> Review of the statement of deficiency Review of the plan of correction Cleaning lint filters after each dryer load <p>The lint filter in the 1st floor east laundry room is clean.</p> <p>Other dryer lint traps were evaluated to ensure that the lint traps continued to be cleaned after each dryer load.</p> <p>Lint traps are cleaned after each dryer load.</p> <p>Beginning 18 SEPTEMBER 2012, The Administrator or designee will monitor for continued compliance through Quality Improvement audits(See Attachment B). The audits will be completed weekly for one month and monthly for one quarter. The Administrator or designee will report to the QA/QI committee who will determine the frequency of further monitoring.</p> <p>Completion date: 18 SEPTEMBER 2012</p>		

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN1934	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING B. WING _____		(X3) DATE SURVEY COMPLETED 08/20/2012
NAME OF PROVIDER OR SUPPLIER MCKENDREE VILLAGE INC			STREET ADDRESS, CITY, STATE, ZIP CODE 4347 LEBANON ROAD HERMITAGE, TN 37076		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE	
N 902	<p>Continued From page 1</p> <p>response by the local fire department shall be reported to the department within seven (7) days. The report shall contain sufficient information to ascertain the nature and location of the fire, its probable cause and any injuries incurred by any person or persons as a result of the fire. Initial reports by the facility may omit the name(s) of resident(s) and parties involved, however, should the department find the identities of such persons to be necessary to an investigation, the facility shall provide such information.</p> <p>Authority: T.C.A. §§4-6-202, 4-5-204, 68-11-202, 68-11-204, 68-11-206, and 68-11-209.</p> <p>This Rule is not met as evidenced by: Based on observation, it was determined the facility failed to eliminate fire hazards.</p> <p>The finding included:</p> <p>Observation of the 1st Floor East laundry room on 8/20/12 at 6:51 PM, revealed the dryer lint filter was dirty.</p> <p>This finding was acknowledged by the executive director and verified by the director of maintenance during the exit conference on 8/20/12.</p>	N 902	<p>Beginning 11 SEPTEMBER 2012, The Administrator or designee will monitor for continued compliance through Quality Improvement audits (See Attachment B). The audits will be completed weekly for one month and monthly for one quarter. The Administrator or designee will report to the QA/QI committee who will determine the frequency of further monitoring.</p> <p>Completion date: 18 SEPTEMBER 2012</p> <p>N 902 1200-8-6-.09 (2) Life Safety</p> <p>The facility has and will continue to ensure it has eliminated fire hazards</p> <p>On or before 18 SEPTEMBER 2012, Maintenance staff, Environmental Services Staff, licensed nurses and certified nurse aides will attend an in-service. The in-service will be conducted by the Executive Director or Designee and will include:</p> <ul style="list-style-type: none"> • Review of the regulation 		



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

October 5, 2012

Ms. Vicki Hartway, Administrator
McKendree Village Inc.
4347 Lebanon Road
Hermitage TN 37076

RE: 44-5491

Dear Ms. Hartway:

Deficiencies were cited as a result of a Health and Life Safety recertification survey on August 20 - 22, 2012. On September 5, 2012, an acceptable Plan of Correction was received in this office.

A revisit was completed October 2, 2012, to verify that your facility had achieved and maintained compliance. Based on our revisit, we found that your facility had demonstrated compliance as of September 18, 2012 with tag F323-G and with the remaining deficiencies cited. The recommended Civil Money Penalty is \$250 per day effective July 21 - September 17, 2012. This office is also recommending recertification in the Medicare and Medicaid programs.

If you have any questions concerning this letter, please contact the East Tennessee Regional office at (865) 588-5656.

Sincerely,

Karen B. Kirby /mad

Karen B. Kirby, R.N.
Regional Administrator
ETRO Health Care Facilities

KK: afl

Area Nursing Home Utilization and Comparable Charge Charts

Davidson County Nursing Homes Historical Utilization -2011¹

Nursing Home	Licensed Beds	Medicare-certified beds	Medicare/Medicaid-dually certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF- All other Payors ADC	NF ADC	Total ADC	Licensed % Occupancy
Belcourt	49		49	5.9	.8		35.4	42.1	85.8%
Bethany	180		90	23.3	18.3	.4	116	168	93.3
Bordeaux	419		240	20.6	48.7	6.5	276.6	352.4	84.4
Crestview	111		32	8.4	5.2		68.2	81.8	73.7
Cumberland Manor	124		124	12.9			104.8	117.7	94.9
Donelson Place	124		124	21.3	2.5	2.1	74.6	100.5	81
Good Samaritan	110		30	13.4	4.4	.8	75.5	94.1	85.5
Grace/Whites Creek	127		127	17.4			101.6	119	93.7
Green Hills	150		150	29.9			96.6	126.5	84.3
Imperial Gardens	165		87	no data	no data				78.8 ²
Jackson Park	28						23.5	23.5	84
Lakeshore Heartland	66						49.2	49.2	74.6
Signature ³	61	23		1.2	.9		5.5	7.6	39.8 ²
Kindred ⁴	102		102	14.2		11.1	67.1	92.4	90.6
McKendree	150		150	25.5	2.5	.2	102.1	130.3	87.5
Richland	107	60		19.8		22.6	46.7	89.1	98.5
Meadows	113	10					113.5	113.5	100
Trevecca	240		120	28.6	20		163.5	212.1	88.4
Vanco	90		90	26.2			60.4	86.6	96.3
West Meade	120		60	37.9	2.3		56.2	96.4	80.4
Woodcrest	83	83		24.5		.5	53.7	78.7	94.9
Total	2,719	176	1,382	331	105.6	44.2	1,690.7	2,181.5	88.4 ⁵

Not reporting:

Life Care of Hickory Woods - originally licensed 10/25/2011

Life Care of Old Hickory Village - originally licensed 5/3/2012

Ridgetop Haven Health Care Center

¹ Source: 2010 JAR data.² Calculated using "Discharge Resident Days" - Signature data based on 2010 JAR³ formerly "Lakeshore Wedgewood"⁴ Formerly "Madison Health & Rehab Center"⁵ For reporting entities only; excludes Imperial Gardens.

Davidson County Nursing Homes Historical Utilization -2010*

Nursing Home	Licensed Beds	Medicare-certified beds	Medicare/Medicaid-dually certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF-All other Payors ADC	NF ADC	Total ADC	Licensed % Occupancy
Belcourt	49		17	6.4	3.2	.2	30.3	40.1	81.8%
Bethany	180		90	29.6	20	.1	122.1	172.4	95.8%
Bordeaux	419		179	18.9	55	6.7	275.7	356.3	85%
Crestview	111		32	7.6	4.2	.8	69.2	81.8	73.7%
Cumberland Manor	124		124	14.5			102.4	116.9	94.2%
Donelson Place	124		124	22.4	9.7		82.7	114.8	92.6%
Good Samaritan	110		30	13	1.4	.6	86.6	101.6	92.4%
Grace/Whites Creek	127		127	12.4			95	107.4	84.5%
Green Hills	150		150	30.5	74.7	21.5		126.7	84.5%
Imperial Gardens	165		87	30.2	19.1	2.8	74.6	126.7	76.8%
Jackson Park	28						25.5	25.5	90.9%
Lakeshore Heartland	66						64.2	64.2	97.2%
Lakeshore Wedgewood	61	23		1.2		.9	5.5	7.6	12.5%
Madison	102		102	12.8	1.8	11.9	70.4	96.9	95%
McKendree	150		50	30.6	4		90.3	124.9	83.3%
Richland	107	60		18.1		41.4	44.6	104.1	97.3%
Meadows	113	10					83.4	83.4	73.7%
Trevecca	240		120	29.4	17.7	.3	169.3	216.7	90.3%
Vanco	90		90	25.8			61.3	87.1	96.8%
West Meade	120		60	33.6	3	8.2	61.4	106.2	88.5%
Woodcrest	83	83		24.7		1.8	42.4	68.9	83%
Total	2,719	176	1,382	361.7	213.8	97.2	1,657.5	2,330.4	85.7%

*Source: 2010 JAR data.

Davidson County Nursing Homes Historical Utilization -2009*

Nursing Home	Licensed Beds	Medicare-certified beds	Medicare/Medicaid-dually certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF- All other Payors ADC	NF ADC	Total ADC	Licensed % Occupancy
Belcourt	49		17	6.1	1	.5	31.4	39	79.6%
Bethany	180		90	30.1	17.8	1.4	123.1	172.4	95.8%
Bordeaux	419		179	18.7	45.9	6.5	280.8	351.9	84%
Crestview	111		32	9.9	7.5	.3	68.5	86.2	77.7%
Cumberland Manor	124		124	10.5		2.6	99.9	113	91.1%
Donelson Place	124		124	20	10.8	11.4	59.3	101.2	81.6%
Good Samaritan	110		110	13.2	19.9	.6	72.4	106.1	96.5%
Grace/Whites Creek	127		127	9.4			100.4	109.8	86.5%
Green Hills	150		150	24.8	4		89.7	118.5	79%
Imperial Gardens	165		87	27	26.6	4.4	78.5	136.5	82.7%
Jackson Park	28						26.9	26.9	96.3%
Lakeshore Heartland	66						64.4	64.4	97.6%
Lakeshore Wedgewood	61	23		9		2.3	26	37.3	61.2%
Madison	102		102	16.9	.7	5.4	71.4	94.4	92.5%
McKendree	300		50	22.1	.2	1.6	70.4	94.3	31.4%
Richland	107	60		19		39.6	46.3	104.9	98%
Meadows	113						72.6	72.6	64.2%
Trevecca	240		120	28.8	24.9	1	165.4	220.1	91.7%
Vanco	90		90	23.9			62.1	86	95.6%
West Meade	120		70	40.2	3.7	4.4	52.7	101	84.2%
Woodcrest	70		70	21.5			37.3	58.8	84%
West End	13						1.4	1.4	11.1%
Total	2,719	176	1,382	361.7	213.8	97.2	1,657.5	2,330.4	85.7%

*Source: 2009 JAR data.

**Charges for SNF Care in Sample Davidson County Nursing Homes
2011 JAR Data**

Nursing Home	Reported Average Charge per Day of Skilled (Level II) Care*
1. Belcourt	\$523
2. Bethany	547
3. Crestview	475
4. Donelson Place	190
5. Grace Whites Creek	432
6. Green Hills	412
7. Kindred	444

*As reported on p. 24 of 2011 JARs - for "Medicare/Skilled Care"

2013 MAR 14 PM 3 00

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF

DAVIDSON

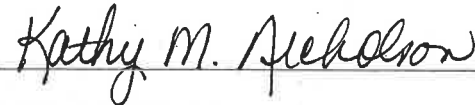
BYRON R. TRANGER

being first duly sworn, says that he/she is the applicant named in this application or his/her lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Tennessee Health Services and Development Agency and T.C.A. § 68-11-1601, *et seq.*, and that the responses to questions in this application or any other questions deemed appropriate by the Tennessee Health Services and Development Agency are true and complete.



Signature/Title

Sworn to and subscribed before me this the 14th day of March, 2013, a Notary Public in and for the County of Davidson State of Tennessee.



NOTARY PUBLIC

My Commission expires

3/8/16



HF-0056

Revised 7/02 - All forms prior to this date are obsolete

Copy

Supplemental #1

McKendree Village

CN1303-007

TRAUGER & TUKE
ATTORNEYS AT LAW
THE SOUTHERN TURF BUILDING
222 FOURTH AVENUE NORTH
NASHVILLE, TENNESSEE 37219-2117
TELEPHONE (615) 256-7444
TELECOPIER (615) 256-7444

SUPPLEMENTAL- # 1

March 26, 2013

3:200m

March 26, 2013

Mr. Mark Farber
Assistant Director
Tennessee Health Services and Development Agency
Suite 850
Andrew Jackson Building
Nashville, TN 37219

Re: Certificate of Need Application CN1303-007
McKendree Village

Dear Mr. Farber:

Set forth below are the responses of McKendree Village, the applicant in Certificate of Need Application CN1303-007, to the request for supplemental information dated March 20, 2013. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

1. Section A, Applicant Profile, Item 4

The applicant's corporate charter and application for registration of assumed limited liability company is noted.

Please provide the certificate of corporate existence from the Tennessee Secretary of State.

RESPONSE: The requested documentation is attached hereto.

Please identify each member of Nashville Healthcare Investors, LLC and each member's percentage of ownership.

RESPONSE: John E. McMullan owns 85% of the equity interests in Nashville Healthcare Investors, LLC. His father, John F. McMullan, owns the other 15% of the equity interests therein.

Does Nashville Healthcare Investors own other health care institutions in Tennessee? If yes, please provide the names and locations of those health care institutions.

RESPONSE: No.

2. Section A, Applicant Profile, Item 5

Please identify each member of Covington Senior Living, LLC and each member's percentage of ownership.

RESPONSE: John E. McMullan is the managing member and owner of Covington Senior Living, LLC. He owns 100% of the equity interests in this company.

Please describe the management entity's experience in providing management services to nursing homes.

RESPONSE: The management entity, Covington Senior Living, LLC, was formed as a Delaware limited liability company in May 2007. It provides administrative and support services to senior living communities in Florida and Ohio as well as in Tennessee. The facilities it serves include nursing home components, and it has served McKendree Village in this role since October 1, 2011.

3. Section A, Applicant Profile, Item 13

Please identify all TennCare MCOs/BHOs with which the applicant has contracted or plans to contract. If applicable, please discuss any out-of-network relationships in place with any TennCare MCOS/BHOs in the service area.

RESPONSE: The applicant contracts with all area TennCare MCOs: TennCare Select, Amerigroup and United Healthcare.

4. Section B, Project Description, Item I

Regarding project sequencing the applicant uses the terms complete demolition and renovation of several wings. This would suggest that there are areas of new construction in the proposed project, yet the square footage chart indicates that the proposed project consists totally of renovation. Please explain.

RESPONSE: The terms "complete demolition and renovation" refer to work to be completed within the existing building structure. See applicant's response to II.A of the application. All work proposed in this application will occur within the existing footprint of the Health Center. The current building exterior envelope will remain in place for all areas of the proposed renovation.

Please provide block diagrams that clearly identify all current wings and floors of the nursing home including wings that are currently unoccupied. Please identify the number of beds (private and semi-private) on each wing and floor. Please follow that set of block diagrams with a set of block diagrams that show the nursing home after completion of the proposed project identifying floors and wings that are not affected by the proposed project, floors and wings that will be renovated and identifying the number of beds(private and semi-private) in each wing and floor of the renovated areas, and floors and wings that will be new construction and identifying the number of beds (private and semi-private) in each wing and floor of the new construction.

RESPONSE: This project does not involve any new construction of new facilities. Only existing facilities are being renovated and upgraded through this project. Also, the East Wing, as shown on the attached diagrams and charts, houses 100 nursing home beds as shown on Chart A0-5. The East Wing will not be directly affected by this project.

The requested diagrams and Chart A0-5 are attached hereto. Of the three floors in the nursing home affected by this project (2 North, 1 South, and 2 South), only 2 North is currently occupied. Both floors of the South Wing, 1 South and 2 South, are currently unoccupied.

If necessary, please make any required changes to the Square Footage Chart.

What is the square footage per bed in the current facility and what will be the square footage per bed in the proposed renovated facility as compared with state standards?

RESPONSE: The square footage per existing patient room in the applicant nursing home ranges from approximately 235-240 square feet to approximately 292 square feet. In the renovated nursing home developed via this project, most private patient rooms will range from 260 square feet to 310 square feet. Two single rooms will be 230 square feet (the smallest), while two will be 340 square feet (the largest private rooms). The semi-private rooms will range from 460 square feet on 2 North to 370 square feet in 1 South and 2 South. Other than limiting the maximum nursing home resident capacity to two patients per room, there are no explicit square footage standards imposed on nursing home patient rooms, according to the project's architect. The 2010 *Guidelines for Design and Construction of Healthcare Facilities*, issued by the American Institute of Architects, does mandate sufficient clearance around the patient bed for nursing home patient rooms. The project's architect has indicated to the applicant's staff that the plans for this project provide for more than three feet of clearance around the three open sides of each bed. This clearance exceeds the 2010 AIA *Guidelines* requirements.

What is current and what will be the private vs. semi-private accommodations mix?
Please complete the chart below.

	Current Rooms	Current Beds		Proposed Rooms	Proposed Beds
Semi-private Rooms					
Private Rooms					
Total Beds					

RESPONSE: The requested chart is completed below for the beds affected by this project. No modifications to the square footage chart are required.

	Current Rooms	Current Beds		Proposed Rooms	Proposed Beds
Semi-private Rooms	10	20		15	30
Private Rooms	60	60		50	50
Total Beds/Rooms	70	80		65	80

5. Section B, Project Description, Item IV

Please submit revised floor plan that clearly identifies each patient room in the affected wings and indicating whether they are private or semi-private.

RESPONSE: The requested revised floor plans are attached hereto.

6. **Section C. Need 1.a. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions) (3) (a.)**

What was the applicant facility's occupancy rate in 2012?

RESPONSE: The applicant facility's occupancy rate in 2012 was 92.3%.

7. **Section C. Need 1.a. (Service Specific Criteria-Construction, Renovation, Expansion, and Replacement of Health Care Institutions) (3) (b.)**

Please expand the discussion on why the physical plant's condition warrants major renovation.

RESPONSE: The mechanical system serving the Health Center is part of a larger "central plant" design that provides heated and cooled water to each of the Health Care wings through a four pipe re-circulating pipe design. The water is both heated and cooled in the "central plant" facility, a separate building on the McKendree Village campus that houses two electric chillers, two gas fires boilers, two water cooling towers and other pump equipment associated with the re-circulating system. This is also the location of the main electrical panel.

Based on our review of the equipment, all system components appear to be original to the property and have not had any preventative maintenance over the last five-plus years. As a result of the equipment's age and lack of maintenance, it has been determined that the chillers, pumps, cooling towers and electrical panels will need to be either replaced or rebuilt. This work will also include the installation of new control systems that will convert the existing mechanical system to "variable speed" technology allowing for greater efficiency in operation and resident comfort. Finally, this project will include the re-building of all main electrical panels serving the central plant and Health Center.

Within the Health Center, the four-pipe system delivers heated and chilled water to separate fan coil units that provide temperature control to the occupied spaces. Again, our investigation of these units reveals that they are original to the building, have failed to be properly maintained, and do not have operable control systems in place. As a result, these units and the associated building mechanical designs need to be re-engineered and re-built using new systems and technologies. This will allow for the new central plant system to properly operate in tandem with the mechanical systems in each occupied area of the Health Center. This integration will be achieved through the use of a new building control system that requires the installation of new generation mechanical equipment.

In conclusion, the age and disrepair of the existing mechanical systems demand a comprehensive replacement. Further, the current lack of operational system controls requires the installation of new mechanical equipment that utilizes current technologies.

8. **Section C. Need, Item 6**

Your response to this item is noted. Please complete the following table.

McKendree Village Historical and Projected Utilization

Year	Licensed Beds	Medicare-certified beds	Medicare/Medicaid-dually certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF-All other Payors ADC	NF ADC	Total ADC	Licensed % Occupancy
2009									
2010									
2011									
2012									
2013									
2014									
2015									
2016									

RESPONSE:

McKendree Village Historical and Projected Utilization

Year	Licensed Beds	Medicare-certified beds	Medicare/Medicaid-dually certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF-All other Payors ADC	NF ADC	Total ADC	Licensed % Occupancy
2009	300		50	22.1	0.2	1.6	70.4	94.3	31.4%
2010	150		50	30.6	4.0	0.0	90.3	124.9	83.3%
2011	150		150	25.5	2.5	0.7	102.5	131.2	87.5%
2012	150		150	21.4	1.0	2.0	114.1	138.5	92.3%
2013	150		150	25.0	1.0	2.0	117.0	145.0	96.7%
2014	180		180	33.6	2.0	3.0	123.6	162.2	90.1%
2015	180		180	35.3	2.0	3.0	133.2	173.5	96.4%
2016	180		180	35.3	2.0	3.0	133.2	173.5	96.4%

9. Section C, Economic Feasibility, Item 1 (Project Cost Chart)

Is the \$3,530,000 in the correct line on the Project Cost Chart-- Preparation of Site?

RESPONSE: No. That amount should be on the "Construction Costs" line. A corrected Project Cost Chart is attached hereto.

10. Section C, Economic Feasibility, Item 2

Please submit a revised letter from BB&T indicating the expected interest rate on the line of credit and the required minimum monthly payment by the applicant back towards the line of credit.

RESPONSE: The requested letter is attached hereto.

11. Section C, Economic Feasibility, Item 3

In the project narrative the applicant speaks of demolition, reconstruction, and renovation that would suggest that the renovation will be more than minor and/or cosmetic. The HSDA median for total construction in previously approved nursing home projects between 2009 and 2011 is \$165.00/square foot and the first quartile is \$94.55, which

means 75% of all nursing home construction projects from 2009-2011 were above this cost. With major renovation expected for the proposed construction, has the applicant understated the expected cost of this project at \$85.60/square foot?

RESPONSE: This project does not involve any expansion of the existing nursing home's external footprint. No external construction is planned in this project; thus, significant construction costs are thereby avoided. See the response to question B.II.A. in the CON application filed this month for a detailed explanation of the interior renovations proposed by this project.

12. Section C, Economic Feasibility, Item 4 (Historical Data Chart)

There appears to be a calculation error in the Year 2012 column. Please make the necessary corrections and submit a revised Historical Data Chart.

RESPONSE: The revised Historical Data Chart for this project is attached hereto.

Please provide a Historical Data Chart for only the nursing home.

RESPONSE: The applicant does not separately track historical nursing home financial data as sought by this request. It is unable to respond to this request as stated. Its external accounting firm has not yet completed its 2012 Medicare cost report, so detailed nursing home-only financial data as required by this chart are not available.

13. Section C, Economic Feasibility, Item 4 (Projected Data Chart)

Does the Projected Data Chart represent the total nursing home or just the wings affected by the proposed project?

RESPONSE: The Projected Data Chart in the CON application reflects only the 80 nursing home beds affected by this project.

There appears to be a calculation error in the 2014 and 2015 columns.

There appears to be a calculation error in the Year 2 column of the Other Expense Chart.

The management fees do not appear equal 5% of net revenue as described in the Management Agreement.

Since this project is being mainly financed by commercial loan, please explain why there are no costs associated with "Retirement of Principal" and "Interest" in "F. Capital Expenditures".

Please make the necessary corrections and submit a revised Projected Data Chart and Other Expense Chart.

RESPONSE: A corrected Project Cost Chart is attached hereto which addresses these matters. The applicant is leasing the facilities from Nashville Healthcare Investors, LLC.

It is the landlord, not the applicant, which bears the interest costs and costs of retirement of principal for the loan. Thus, these costs were not shown on the applicant's Projected Data Chart.

14. Section C, Economic Feasibility, Item 6.B.

What was McKendree Village's Medicare/Skilled charge per day in 2011?

RESPONSE: In 2011, the applicant's Medicare/skilled charge per day was \$280 per day for a private room and \$270 per day for a semi-private room.

15. Section C, Economic Feasibility, Item 10

Please provide the most recent audited financial statements with accompanying notes, if available.

RESPONSE: The requested audited financial statements have not been completed.

16. Section C. Contribution to the Orderly Development of Health Care, Item. C.3.

Please provide the projected total staffing pattern of the nursing home for all employees providing patient care for the first year after project completion.

RESPONSE: A chart showing the total projected staffing pattern for the nursing home in year 1 of this project is attached hereto.

If you need any additional information, please do not hesitate to contact me.

Sincerely,

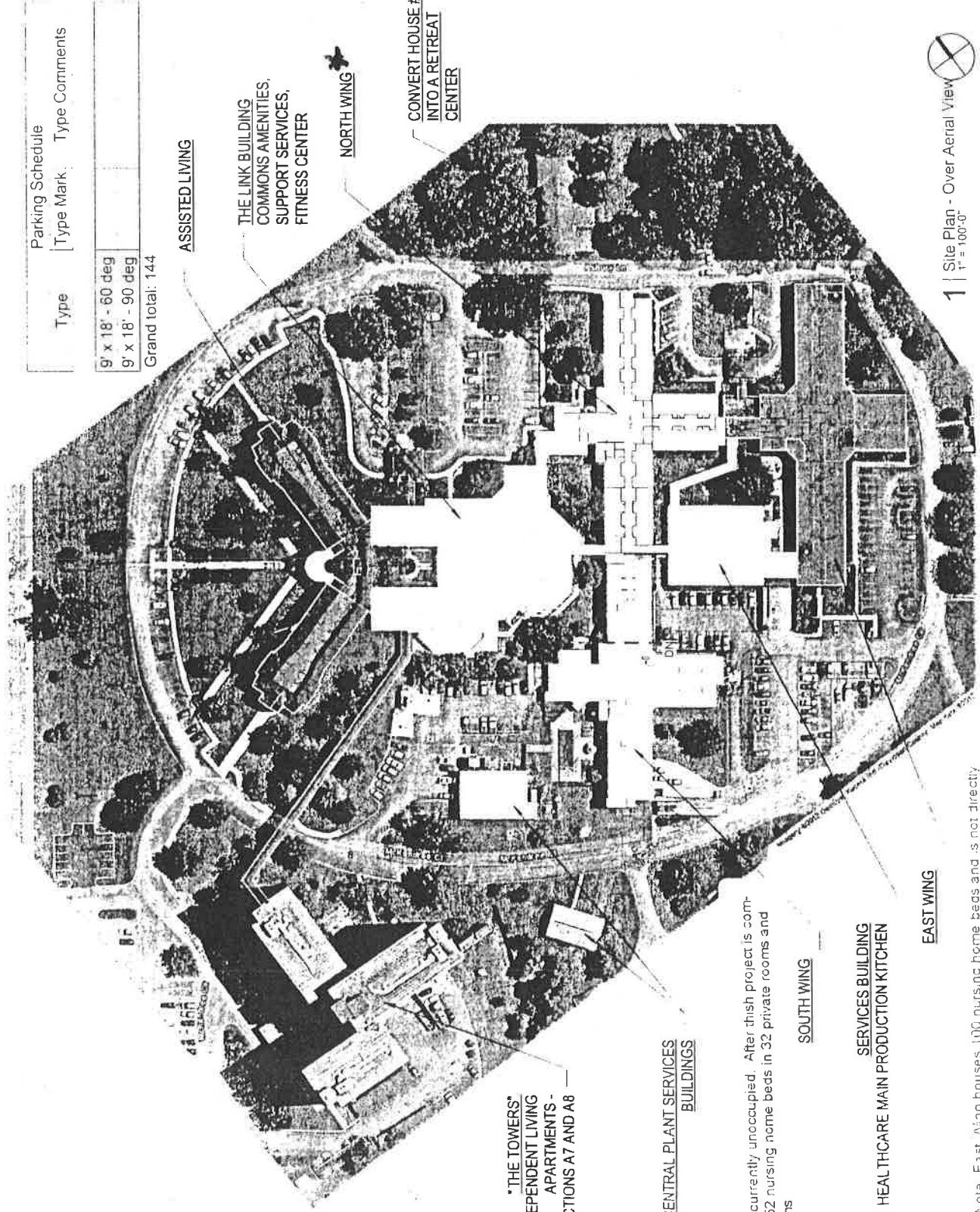


Byron R. Trauger

Parking Schedule		
Type	Type Mark	Type Comments

9' x 18' - 60 deg		
9' x 18' - 90 deg		

Grand total: 144



THE TOWERS
INDEPENDENT LIVING
APARTMENTS -
REFER SECTIONS A7 AND A8

CENTRAL PLANT SERVICES
BUILDINGS

Note: South Wing is currently unoccupied. After this project is completed, it will house 52 nursing home beds in 32 private rooms and 10 semi-private rooms

SOUTH WING

SERVICES BUILDING
HEALTHCARE MAIN PRODUCTION KITCHEN

EAST WING

Note: East Wing houses 100 nursing home beds and is not directly affected by this project

ASSISTED LIVING

THE LINK BUILDING
COMMONS AMENITIES,
SUPPORT SERVICES,
FITNESS CENTER

NORTH WING

CONVERT HOUSE #41
INTO A RETREAT
CENTER

McKendall
Village

REPOSITIONING PROJECT

4347 Lebanon Rd.
Hermitage, TN 37076

Covington Senior
Living, LLC

1175 Peachtree Street NE
Suite 350
Atlanta, GA 30306

11

10

Schematic Design - PROJECT NO. 12003.01

DATE: FEBRUARY 5, 2013

SCALE: 1" = 100'-0"

DWG NO.

A0-3

DWG NAME

HEALTHCARE - REPOSITIONING

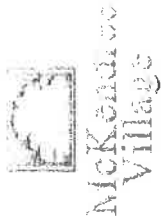
SUPPLEMENTAL-#1
March 26, 2013
3:20PM

1 | Site Plan - Over Aerial View
1" = 100'-0"

*Note: The North wing currently houses 50 nursing home beds on its second floor, in 30 private rooms and 10 semi-private rooms. After completion of this project, North 2 will house 20 nursing home beds in 18 private and 5 semi-private rooms

"HEALTHCARE PROJECT" - AL & SN OVERALL EXISTING UNIT COUNTS

ASSISTED LIVING LEVEL 1 =	32 ALCF UNITS
ASSISTED LIVING LEVEL 2 =	32 ALCF UNITS
TOTAL ASSISTED LIVING	64 ALCF UNITS
ASSISTED LIVING LEVEL 3 MEMORY SUPPORT =	32 ALCF MEMORY SUPPORT UNITS
EAST WING LEVEL 1 (ONE EAST)	30 PRIVATE SN BEDS 24 SEMI-PRIVATE SN BEDS
EAST WING LEVEL 2 (TWO EAST)	30 PRIVATE SN BEDS 16 SEMI-PRIVATE SN BEDS (8 MORE OCCUPIED BY OFFICES)
NORTH WING LEVEL 1 (ONE NORTH) (UNOCCUPIED)	30 PRIVATE SN BEDS 20 SEMI-PRIVATE SN BEDS (UNCCC.)
NORTH WING LEVEL 2 (TWO NORTH)	30 PRIVATE SN BEDS 20 SEMI-PRIVATE SN BEDS
SOUTH WING LEVEL 1 (ONE SOUTH) (UNOCCUPIED)	30 PRIVATE SN BEDS 20 SEMI-PRIVATE SN BEDS (UNCCC.)
SOUTH WING LEVEL 2 (TWO SOUTH) (UNOCCUPIED)	30 PRIVATE SN UNITS 20 SEMI-PRIVATE SN BEDS (UNCCC.)
TOTAL SKILLED NURSING (SN) UNITS	150 SN BEDS - OCCUPIED 180 SN BEDS - C.O.N. 308 SN BEDS - RAW CAPACITY



REPOSITIONING PROJECT

4347 Lebanon Rd.
Hermitage, TN 37076

Covington Senior
Living, LLC

1175 Peachtree Street NE
Suite 250
Atlanta, GA 30361

102



Sanmatic Design - PROJECT'S DESIGN
DEPT. No. 12003 01 & 02

DATE: FEBRUARY 15, 2011

SCALE

DWG NO.

A0-5

DWG NAME

HEALTHCARE - EXISTING UNIT

SUPPLEMENTAL- # 1

March 26, 2013
3:200m



SERVERY

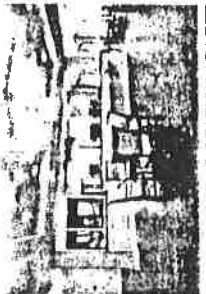


AQUARIUM

(NO AVIARIES PER OWNER)



SOLARIUM



NOURISHMENT STATION AT LEFT



ACTIVITIES KITCHEN

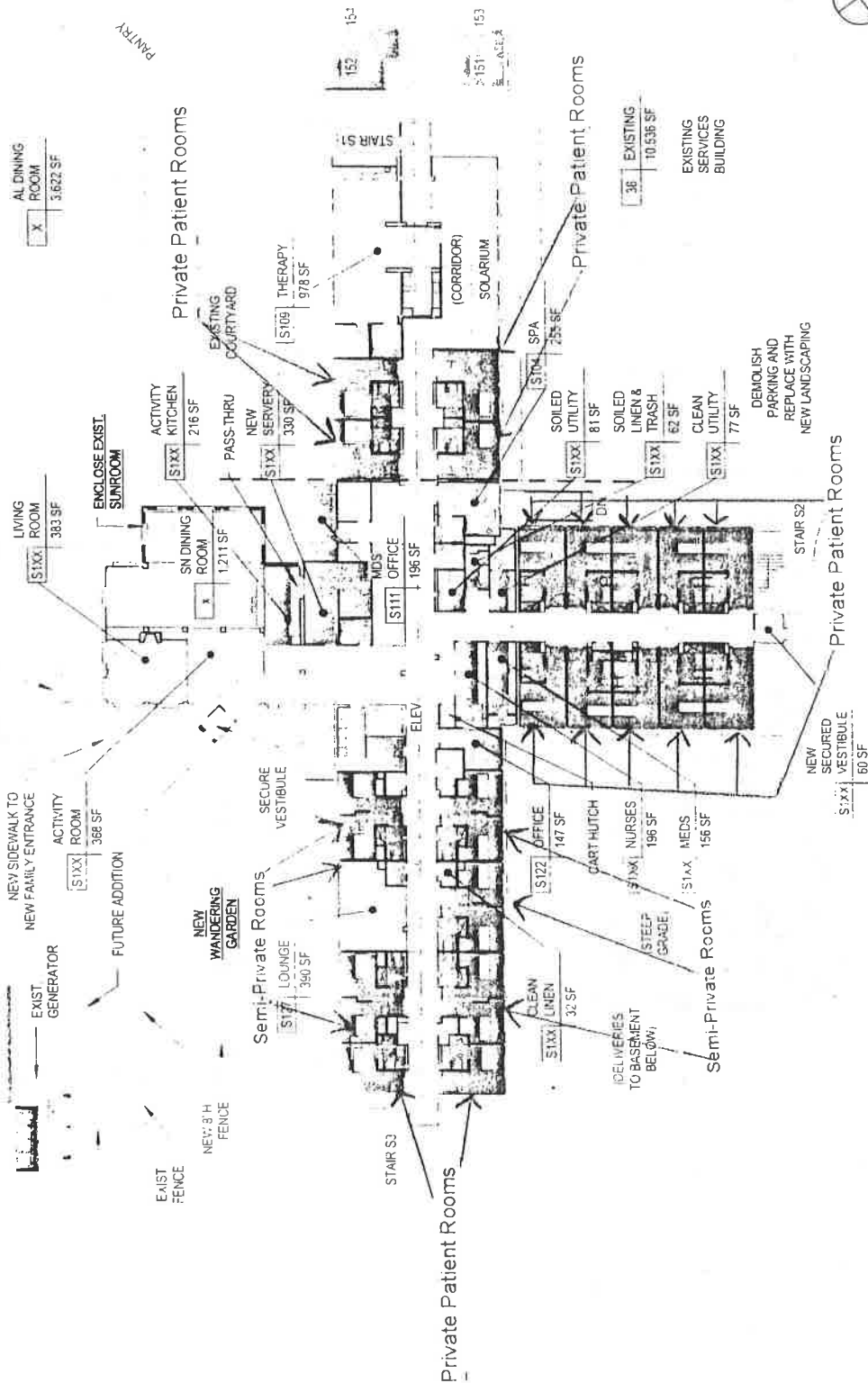
REPOSITIONING
PROJECT

4347 Lebanon Rd.
Hermitage, TN 37076

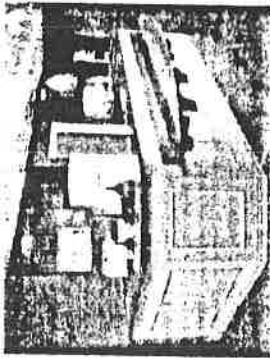
Covington Senior
Living, LLC

1175 Peachtree Street NE
Suite 300
Atlanta GA 30301

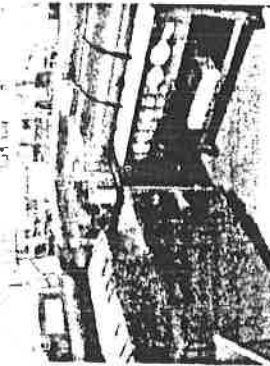
103



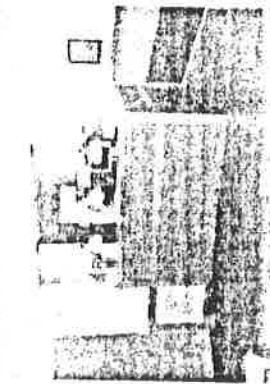
South 1



OR COUNTRY KITCHEN



NEW SERVERY (FROM FRIENDSHIP VILLAGE)
- STAFF SIDE -



NEW SERVERY (FROM FRIENDSHIP VILLAGE)
- RESIDENT SIDE -



REPOSITIONING PROJECT

4347 Lebanon Rd.
Hermitage, TN 37076

EXIST FLAT ROOF BELOW -
REPLACE ROOFING WITH MEDIUM-COLOR
ROOFING TO REDUCE REFLECTIVE GLARE
BACK UP INTO DINING ROOM
ADD ALTERNATE #X - USE PLANTABLE "GREEN
ROOF" IN LIEU OF STANDARD ROOFING

ACTIVITY
KITCHEN
S2XX

Semi-Private Rooms

LOUNGE
196 SF

202 204 206 208 210 212 214

201 203 205 207 209 211 213

215 217 219 221 223 225 227

229 231 233 235 237 239 241

243 245 247 249 251 253 255

257 259 261 263 265 267 269

271 273 275 277 279 281 283

285 287 289 291 293 295 297

299 301 303 305 307 309 311

313 315 317 319 321 323 325

327 329 331 333 335 337 339

339 341 343 345 347 349 351

353 355 357 359 361 363 365

367 369 371 373 375 377 379

379 381 383 385 387 389 391

393 395 397 399 401 403 405

407 409 411 413 415 417 419

421 423 425 427 429 431 433

435 437 439 441 443 445 447

449 451 453 455 457 459 461

463 465 467 469 471 473 475

477 479 481 483 485 487 489

491 493 495 497 499 501 503

505 507 509 511 513 515 517

519 521 523 525 527 529 531

533 535 537 539 541 543 545

547 549 551 553 555 557 559

561 563 565 567 569 571 573

575 577 579 581 583 585 587

589 591 593 595 597 599 601

603 605 607 609 611 613 615

617 619 621 623 625 627 629

631 633 635 637 639 641 643

LIVING
ROOM
S2XX
431 SF

DINING
S2XX
513 SF

202 204 206 208 210 212 214

215 217 219 221 223 225 227

229 231 233 235 237 239 241

243 245 247 249 251 253 255

257 259 261 263 265 267 269

271 273 275 277 279 281 283

285 287 289 291 293 295 297

299 301 303 305 307 309 311

313 315 317 319 321 323 325

327 329 331 333 335 337 339

339 341 343 345 347 349 351

353 355 357 359 361 363 365

367 369 371 373 375 377 379

381 383 385 387 389 391 393

395 397 399 401 403 405 407

409 411 413 415 417 419 421

423 425 427 429 431 433 435

437 439 441 443 445 447 449

451 453 455 457 459 461 463

465 467 469 471 473 475 477

479 481 483 485 487 489 491

493 495 497 499 501 503 505

507 509 511 513 515 517 519

521 523 525 527 529 531 533

535 537 539 541 543 545 547

549 551 553 555 557 559 561

563 565 567 569 571 573 575

577 579 581 583 585 587 589

591 593 595 597 599 601 603

605 607 609 611 613 615 617

619 621 623 625 627 629 631

633 635 637 639 641 643 645

647 649 651 653 655 657 659

661 663 665 667 669 671 673

FAMILY CONF
ROOM
S2XX
202 SF

202 204 206 208 210 212 214

215 217 219 221 223 225 227

229 231 233 235 237 239 241

243 245 247 249 251 253 255

257 259 261 263 265 267 269

271 273 275 277 279 281 283

285 287 289 291 293 295 297

299 301 303 305 307 309 311

313 315 317 319 321 323 325

327 329 331 333 335 337 339

339 341 343 345 347 349 351

353 355 357 359 361 363 365

367 369 371 373 375 377 379

381 383 385 387 389 391 393

395 397 399 401 403 405 407

409 411 413 415 417 419 421

423 425 427 429 431 433 435

437 439 441 443 445 447 449

451 453 455 457 459 461 463

465 467 469 471 473 475 477

479 481 483 485 487 489 491

493 495 497 499 501 503 505

507 509 511 513 515 517 519

521 523 525 527 529 531 533

535 537 539 541 543 545 547

549 551 553 555 557 559 561

563 565 567 569 571 573 575

577 579 581 583 585 587 589

591 593 595 597 599 601 603

605 607 609 611 613 615 617

619 621 623 625 627 629 631

633 635 637 639 641 643 645

647 649 651 653 655 657 659

661 663 665 667 669 671 673

REMOTE
THERAPY
GYM
S2XX
980 SF

202 204 206 208 210 212 214

215 217 219 221 223 225 227

229 231 233 235 237 239 241

243 245 247 249 251 253 255

257 259 261 263 265 267 269

271 273 275 277 279 281 283

285 287 289 291 293 295 297

299 301 303 305 307 309 311

313 315 317 319 321 323 325

327 329 331 333 335 337 339

339 341 343 345 347 349 351

353 355 357 359 361 363 365

367 369 371 373 375 377 379

381 383 385 387 389 391 393

395 397 399 401 403 405 407

409 411 413 415 417 419 421

423 425 427 429 431 433 435

437 439 441 443 445 447 449

451 453 455 457 459 461 463

465 467 469 471 473 475 477

479 481 483 485 487 489 491

493 495 497 499 501 503 505

507 509 511 513 515 517 519

521 523 525 527 529 531 533

535 537 539 541 543 545 547

549 551 553 555 557 559 561

563 565 567 569 571 573 575

577 579 581 583 585 587 589

591 593 595 597 599 601 603

605 607 609 611 613 615 617

619 621 623 625 627 629 631

633 635 637 639 641 643 645

647 649 651 653 655 657 659

661 663 665 667 669 671 673

STAFF
BREAK
235 SF

202 204 206 208 210 212 214

215 217 219 221 223 225 227

229 231 233 235 237 239 241

243 245 247 249 251 253 255

257 259 261 263 265 267 269

271 273 275 277 279 281 283

285 287 289 291 293 295 297

299 301 303 305 307 309 311

313 315 317 319 321 323 325

327 329 331 333 335 337 339

339 341 343 345 347 349 351

353 355 357 359 361 363 365

367 369 371 373 375 377 379

381 383 385 387 389 391 393

395 397 399 401 403 405 407

409 411 413 415 417 419 421

423 425 427 429 431 433 435

437 439 441 443 445 447 449

451 453 455 457 459 461 463

465 467 469 471 473 475 477

479 481 483 485 487 489 491

493 495 497 499 501 503 505

507 509 511 513 515 517 519

521 523 525 527 529 531 533

535 537 539 541 543 545 547

549 551 553 555 557 559 561

563 565 567 569 571 573 575

577 579 581 583 585 587 589

591 593 595 597 599 601 603

605 607 609 611 613 615 617

619 621 623 625 627 629 631

633 635 637 639 641 643 645

647 649 651 653 655 657 659

661 663 665 667 669 671 673

STAFF
BREAK
235 SF

202 204 206 208 210 212 214

215 217 219 221 223 225 227

229 231 233 235 237 239 241

243 245 247 249 251 253 255

257 259 261 263 265 267 269

271 273 275 277 279 281 283

285 287 289 291 293 295 297

299 301 303 305 307 309 311

313 315 317 319 321 323 325



4347 Lebanon Rd
Hermitage, TN 37076

Covington Senior
Living, LLC

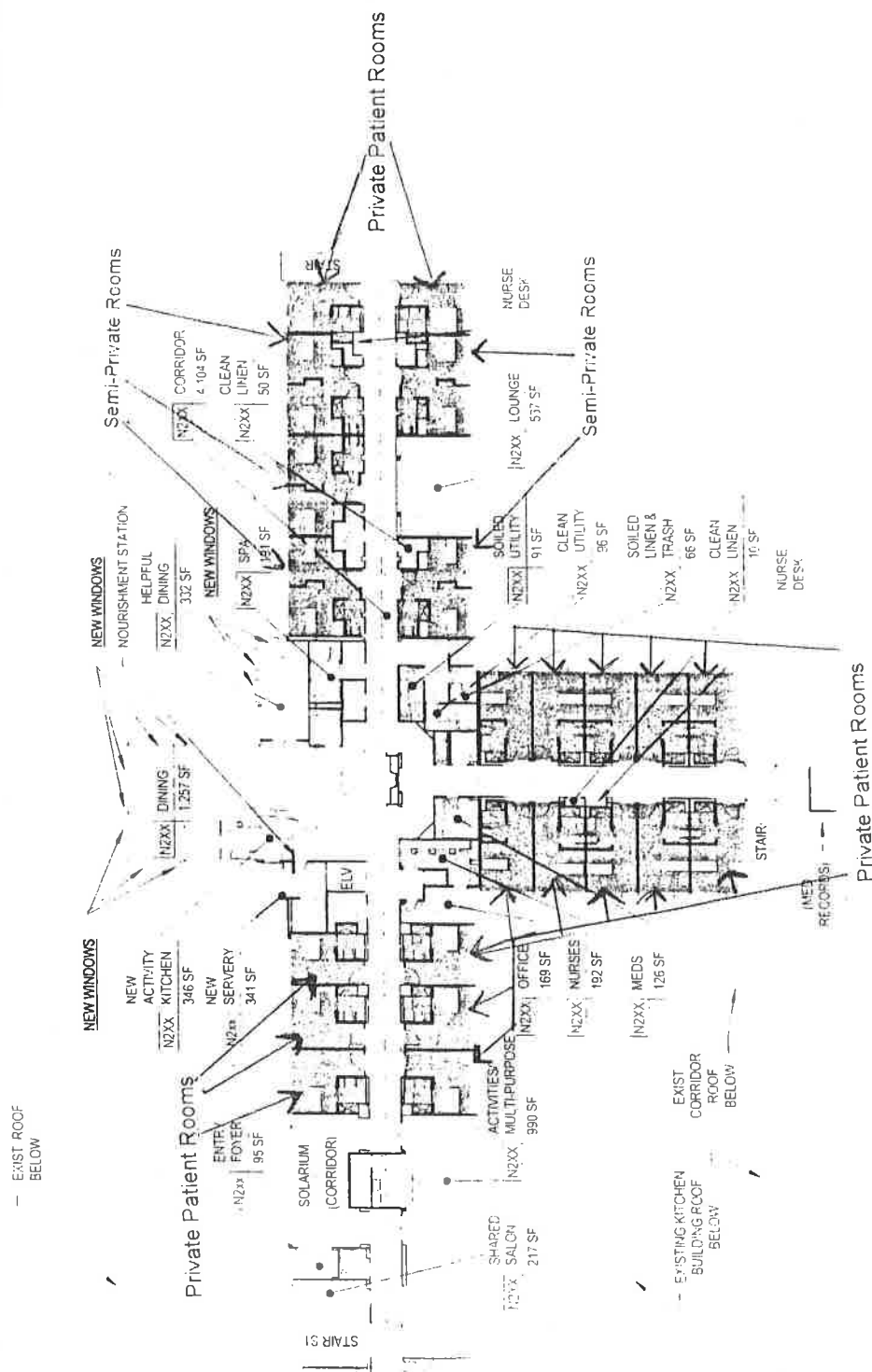
1115 Peachtree Street NE
Suite 350
Atlanta GA 30361

SUPPLEMENTAL- # 1
March 26, 2013
3:200m

A3-2a

1151.2 405042

© 2001 Blackwell Science Ltd



North 2



REPOSITIONING
PROJECT
4347 Lebanon Rd.
Hermilage, TN 37076

Covington Senior
Living, LLC

1175 Peachtree Street NE
Suite 150
Atlanta GA 30361

106

Room Schedule - SOUTH WING - MS UNITS

Wing Name	Name	Area	Comments	Department
SOUTH WING	SN PRIVATE	230 SF		SN UNITS
SOUTH WING	SN PRIVATE	240 SF		SN UNITS
SOUTH WING	SN PRIVATE	260 SF		SN UNITS
SOUTH WING	SN PRIVATE	260 SF		SN UNITS
SOUTH WING	SN PRIVATE	260 SF		SN UNITS
SOUTH WING	SN PRIVATE	260 SF		SN UNITS
SOUTH WING	SN PRIVATE	270 SF		SN UNITS
SOUTH WING	SN PRIVATE	280 SF		SN UNITS
SOUTH WING	SN PRIVATE	280 SF		SN UNITS
SOUTH WING	SN PRIVATE	280 SF		SN UNITS
SOUTH WING	SN PRIVATE	280 SF		SN UNITS
SOUTH WING	SN PRIVATE	280 SF		SN UNITS
SOUTH WING	SN PRIVATE	280 SF		SN UNITS
SOUTH WING	SN PRIVATE	300 SF		SN UNITS
SOUTH WING	SN PRIVATE	300 SF		SN UNITS
SOUTH WING	SN PRIVATE	320 SF		SN UNITS
SN PRIVATE: 16		4,370 SF		

SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SN SEMI-PRIVATE: 5		1,850 SF		
Grand total: 21		6,230 SF		

ONE SOUTH
16 PRIVATE UNITS +
5 SEMI-PRIVATE UNITS (10 SEMI-PRIV. BEDS) =
26 BEDS TOTAL

EXISTING LEVEL 3 AL MEMORY SUPPORT UNITS FOR COMPARISON:
STUDIO = 274 (SMALLEST)
ONE BEDROOM = 580 (SMALLEST)
FA = FULLY ACCESSIBLE (REQUIRED MINIMUM = 50%)

SUPPLEMENTAL- # 1
March 26, 2013
3:200m

A2-1c

DATE: FEBRUARY 5, 2013
SCALE: 1/8" = 1'-0"
DWG NO: 106

McKendree Village

Covington Senior
Living, LLC

1175 Peachtree Street NE
Suite 350
Atlanta, GA 30361

107

SUPPLEMENTAL-# 1

March 26, 2013
3:200m

A2-2c

2015-11-11

THE UNIVERSITY OF MICHIGAN LIBRARY

Room Schedule - SOUTH WING - SN UNITS				
Wing Name	Name	Area	Comments	Department
SOUTH WING	SN PRIVATE	230 SF		SN UNITS
SOUTH WING	SN PRIVATE	240 SF		SN UNITS
SOUTH WING	SN PRIVATE	260 SF		SN UNITS
SOUTH WING	SN PRIVATE	260 SF		SN UNITS
SOUTH WING	SN PRIVATE	260 SF		SN UNITS
SOUTH WING	SN PRIVATE	270 SF		SN UNITS
SOUTH WING	SN PRIVATE	270 SF		SN UNITS
SOUTH WING	SN PRIVATE	270 SF		SN UNITS
SOUTH WING	SN PRIVATE	270 SF		SN UNITS
SOUTH WING	SN PRIVATE	270 SF		SN UNITS
SOUTH WING	SN PRIVATE	280 SF		SN UNITS
SOUTH WING	SN PRIVATE	280 SF		SN UNITS
SOUTH WING	SN PRIVATE	300 SF		SN UNITS
SOUTH WING	SN PRIVATE	300 SF		SN UNITS
SOUTH WING	SN PRIVATE	320 SF		SN UNITS
SN PRIVATE: 16		4,380 SF		
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SOUTH WING	SN SEMI-PRIVATE	370 SF		SN UNITS
SN SEMI-PRIVATE: 5		1,850 SF		
Grand total: 21		6,230 SF		

TWO SOUTH

16 PRIVATE UNITS +

5 SEMI-PRIVATE UNITS (10 SEMI-PRIVATE BEDS) =

26 BEDS TOTAL

REPOSITIONING
PROJECT

4347 Lebanon Rd.
Hermitage, TN 37076

Covington Senior
Living, LLC

1175 Peachtree Street NE
Suite 350
Atlanta, GA 30361

108

SUPPLEMENTAL- # 1

March 26, 2013
3:200m

A3-2d

DWG NAME

TWO NORTH - NEW UNIT SCHEDULE

[illegible]

TWO NORTH
18 PRIVATE UNITS +
5 SEMI-PRIVATE UNITS (10 SEMI-PRIVATE BEDS) =
28 BEDS TOTAL

March 26, 2013

3:200m

BB&T

March 22, 2012

Ms. Karen G. Marshall
Controller/Chief Accountant
Nashville Senior Care, LLC
4347 Lebanon Road
Hermitage, Tennessee 37076

Re: Confirmation of Financing Availability

Dear Karen:

I understand you are submitting a Certificate of Need application to make significant enhancements to McKendree Village, including substantial upgrades of mechanical systems and major improvements in all health center patient room and common areas. You are estimating that the total project cost will be approximately \$3,800,000.

As you know, BB&T (along with other lenders), has extended a credit facility, including a line of credit, to your company's borrowing group which includes Nashville Senior Care, LLC, and related entities. The purpose of these funds is to support your capital improvement plans and working capital needs as they arise.

As of December 31, 2012, there remains an outstanding availability for Nashville Senior Care, LLC, and related companies in the amount of \$2,363,667. The term loan amortizes based on a 25 year schedule and the line of credit is interest only. The facilities bear interest based on a floating rate, which as of December 31, 2012 was 3.21%. The credit facilities are in good standing, and the borrowing group continues to appropriately meet the financial conditions as described in the financial covenant section of the loan agreement. The unused funds are readily available for implementing the Certificate of Need capital improvements project should it be approved.

The remainder of funds required to implement this capital improvements project may be paid for out of corporate liquidity and/or through additional funds which BB&T will extend, subject to credit approval, should this Certificate of Need application be approved. In support of this project and other related McKendree Village facility enhancements, it is anticipated that Nashville Senior Care, LLC, will receive bank financing of at least \$5,000,000 (via extension of its existing credit facility), subject to credit approval. It is anticipated that the structure of the additional funds will be generally similar to the existing credit facilities. The required minimum monthly payment related to this proposed project of \$3,800,000 would be approximately \$18,437.82

It is our pleasure to support your continued performance by assisting with your banking needs.

Sincerely,

 3/22/13

Jordan S. Kiel
Vice President

110
McKendree Village
150-Bed Nursing Facility
Direct Care Staffing

SUPPLEMENTAL- # 1

March 26, 2013

3:200m

	<u>FTEs</u>
NURSING	
Director of Nursing	1.0
Nursing Admin	9.4
Nursing Direct Care	106.3
TOTAL NURSING	<u>116.7</u>
SOCIAL SERVICES	
Social Services Associates	2.0
TOTAL SOCIAL SERVICES	<u>2.0</u>
ACTIVITIES	
Activities Associates	4.0
TOTAL ACTIVITIES	<u>4.3</u>
	<u>123.0</u>

March 26, 2013

3:20pm

AFFIDAVIT

2013 MAR 26 PM 3 21

STATE OF TENNESSEE

COUNTY OF

Davidson

NAME OF FACILITY:

McKendree Village (CN1303-007)

I, Byron R. Trauger, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Byron R. Trauger
Signature/Title
Honey-m-Fruit

Sworn to and subscribed before me, a Notary Public, this the 26th day of March, 2013,
witness my hand at office in the County of Davidson, State of Tennessee.

Kathy M. Nicholson
NOTARY PUBLIC

My commission expires

3/816

HF-0043

Revised 7/02



**ORIGINAL-
SUPPLEMENTAL-2**

Mckendree Village

CN1303-7

1013
TRAUGER & TUKE
ATTORNEYS AT LAW
THE SOUTHERN TURF BUILDING
222 FOURTH AVENUE NORTH
NASHVILLE, TENNESSEE 37219-2117
TELEPHONE (615) 256-8585
TELECOPIER (615) 256-7444

SUPPLEMENTAL

2013 MAR 23 AM 11:30

March 28, 2013

Mr. Mark Farber
Assistant Director
Tennessee Health Services & Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: Certificate of Need Application CN1303-007
McKendree Village

Dear Mr. Farber:

Set forth below are the responses of McKendree Village, the applicant in Certificate of Need Application CN1303-007, to the second request for supplemental information dated March 27, 2012. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

1. Section B, Project Description, Item I

What are the applicant's future plans for North 1?

The trend in healthcare has been to increase the ratio of private beds to semi-private beds. Please explain why the applicant has decided to decrease private beds by 10.

RESPONSE:

The Applicant is seeking ways to efficiently utilize North 1 to accommodate community need, but no firm use plan has been proposed or approved.

The original plan involving 80 beds only occupied 2 wings (North 1 & South 2). The latest plan spreads 80 beds over 3 wings (including South 1). The resulting patient rooms are larger in addition to adding common space and dining serveries not originally anticipated. The revised plan has a marginal increase in total area for the 80 beds and associated common areas of 19,000 square feet.

While there may be 10 fewer private rooms, the room per resident in semi-private rooms is greater than it would have been in the original plan. The square footage per existing patient room in the applicant nursing home ranges from approximately 235-240 square feet to approximately 292 square feet. In the renovated nursing home developed via this

Mr. Mark Farber
March 28, 2013
Page 2

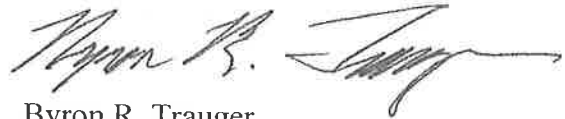
project, most private patient rooms will range from 260 square feet to 310 square feet. The semi-private rooms will range from 460 square feet on North 2 to 370 square feet on South 1 and South 2.

The semi-private rooms are designed foot to foot with a privacy wall. Each bed has its own window, temperature controls and sink and shower (patients currently use a common shower). The size of 27-28 rooms per wing is also much more home-like than a wing of 50 rooms. The current design allows for rehabilitation space closer to resident rooms.

All of these improvements are accomplished within the existing square footage and building envelope.

If you need any additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read "Byron R. Trauger", with a stylized flourish at the end.

Byron R. Trauger

BRT:kmn

SUPPLEMENTAL

AFFIDAVIT

2013 MAR 29 AM 11:32

STATE OF TENNESSEE

COUNTY OF DavidsonNAME OF FACILITY: McKendree Village (CN1303-001)

I, Byron B. Trauger, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Byron B. Trauger
Signature/Title
Attorney-in-Fact

Sworn to and subscribed before me, a Notary Public, this the 28th day of March, 2013
witness my hand at office in the County of Davidson, State of Tennessee.

Kathy M. Nicholson
NOTARY PUBLIC

My commission expires 3/8, 16.

HF-0043

Revised 7/02





2013 MAR -8 AM 11: 42

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the The Tennessean which is a newspaper
(Name of Newspaper)
of general circulation in Davidson, Tennessee, on or before March 9, 2013, for one day.
(County) (Month / day) (Year)

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

McKendree Village

(Name of Applicant)

a nursing home

(Facility Type-Existing)

owned by: Nashville Senior Care, LLC, d/b/a McKendree Village with an ownership type of limited liability company and to be managed by: Covington Senior Living, LLC intends to file an application for a Certificate of Need for:

the renovation, construction and partial repositioning of 50 existing, dually-certified nursing home beds, in addition to the modification of the applicant's previously approved certificate of need project, CN1202-010, as to the 30 dually certified nursing home beds approved therein. No additional nursing home beds are requested in this CON project. The renovation and repositioning construction proposed in this project will address and improve shared mechanical, electrical, plumbing and other building systems affecting these 80 beds. The location of this project is at 4347 Lebanon Road, Hermitage, Davidson County, Tennessee 37076. The estimated project costs for this CON project are approximately \$3,800,000.

The anticipated date of filing the application is March 14, 2013.

The contact person for this project is Byron Trauger
(Contact Name)

Attorney
(Title)

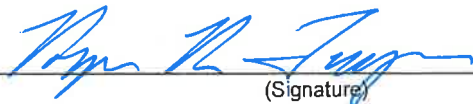
who may be reached at: Trauger & Tuke 222 Fourth Avenue North
(Company Name) (Address)

Nashville
(City)

Tennessee
(State)

37219
(Zip Code)

615 / 256-8585
(Area Code / Phone Number)


(Signature)


(Date)

btrauger@tnlaw.net
(E-mail Address)

=====

The Letter of Intent must be **filed in triplicate** and **received between the first and the tenth day of the month**. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

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The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

TRAUGER & TUKE
ATTORNEYS AT LAW
THE SOUTHERN TURF BUILDING
222 FOURTH AVENUE NORTH
NASHVILLE, TENNESSEE 37219-2117
TELEPHONE (615) 256-8585
TELECOPIER (615) 256-7444

2013 MAR -8 AM 11:42

March 8, 2013

VIA HAND DELIVERY

Ms. Melanie Hill
Executive Director
Tennessee Health Services
and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Blvd.
Nashville, TN 37243

RE: McKendree Village Renovation certificate of need

Dear Ms. Hill:

Enclosed please find three original versions of the letter of intent for the referenced certificate of need application. Publication of this letter of intent is scheduled for tomorrow in *The Tennessean*, and we anticipate filing the application on or before next Thursday, March 14, 2013.

Thank you, as always, for your assistance.

Very truly yours,


Byron R. Trauger

BRT/kmn

Enclosures

cc: John E. McMullan
William H. West, Esquire

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
OFFICE OF HEALTH STATISTICS
615-741-1954**

DATE: June 3, 2013

APPLICANT: McKendree Village
4347 Lebanon Road
Hermitage, Tennessee 37076

CON #: CN1303-007

COST: \$3,808,150

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's Health: Guidelines for Growth, 2010 Edition*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Nashville Senior Care, LLC, d/b/a McKendree Village managed by Covington Senior Living, LLC, located at 4347 Lebanon Road, Hermitage, (Davidson County), Tennessee 37076 is seeking Certificate of Need (CON) approval from the Health Services and Development Agency (HSDA) for the renovation, construction and partial repositioning of 50 existing, dually certified nursing home beds, in addition to the modification of the previously approved CON project CN1202-010A in regard to the 30 dually certified nursing home beds approved by the Health Services and Development Agency. The renovation, and repositioning construction proposed in this application will address and improve the shared mechanical, electrical, plumbing and other building systems impacting these 80 beds. No additional nursing home beds are requested in this application.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2010 Edition*.

NEED:

The review of this CON application by the Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics confirms the proposed project does not involve the addition of any nursing home beds in the existing service area, which consists of Davidson County.

The need for this project as revealed in Section B: Project Description on pages 4-6 of the application was the result of a detailed review of the existing building systems located in the Two South Wing of McKendree Village in preparation for the addition of the 30 dually certified nursing home beds and the existing 50 dually certified nursing home beds in the adjacent Two North Wing. It was determined by what the applicant terms the "Renovation Team" that the building modifications envisioned in CN1202-010A would have to focus on both wings of the floor in question. Therefore, the current proposal addresses both the 30 dually certified nursing home beds approved by the previous CON and the renovation/construction required by CN1303-007 in order to incorporate the extensive building system upgrades the applicant deems necessary for all 80 beds in both wings of the building.

The following table contains the current service area population projections for 2013 and 2017.

Service Area Total Population Projections for 2013 and 2017

County	2013 Population	2017 Population	% Increase/ (Decrease)
Davidson	605,293	622,476	2.8%

Source: *Tennessee Population Projections 2000-2020, February 2008 Revision*, Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics

TENNCARE/MEDICARE ACCESS:

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics verified that the applicant is a Medicare and a TennCare provider based upon a review of the *Joint Annual Report of Nursing Homes 2011* and at <http://www.medicare.gov/NursingHomeCompare>. The applicant contracts with all Davidson County MCOs as follows: TennCare Select, Amerigroup and United Healthcare, as noted in Supplemental #1 in response to Question 3, Section A, Applicant Profile, Item 13.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historic Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located as an Attachment to Supplemental #1. The total estimated project cost is \$3,808,150. The only change to the Projects Costs Chart is the removal of the \$3,530,000 amount from the preparation of site category and placing the \$3,530,000 figure in the construction cost category.

Historical Data Chart: The Historical Data Chart can be found as an Attachment to Supplemental #1. The revised Historical Data Chart corrects a calculation error in the Year 2012 financial data involving \$4,840 in depreciation expense not included in the first Historical Data Chart on page 20 of the original CON application.

Note to Agency Members: The Historical Data Chart represents the financial and utilization data for the entire McKendree Village facilities including the 150 bed nursing home, the assisted living units and the independent living units for 2011 and 2012. It is also noted the financial and utilization data in 2011 is for three (3) months as the property was acquired on 10/01/2011, per the applicant.

Projected Data Chart: The Projected Data Chart can be found as an Attachment to Supplemental #1. The applicant projects 24,810 patient days in year one and 27,740 patient days in year two with a net operating income of \$710,705 and \$897,823 each year, respectively. The Projected Data Chart reflects a recalculation of the cost of supplies from \$498,586 in the original Projected Data Chart on page 22 of the CON application for year two (2) of the project to \$165,586 in the revised Projected Data Chart on page 22 of Supplemental #1. The original Projected Data Chart in Section D., Operating Expenses, Item 8. Management Fees contains entries of \$188,923 in Year 1 of the project and \$214,133 in Year 2. These were revised in Supplemental #1 to reflect projected fees of \$346,650 and \$384,330 each year respectively.

Note to Agency Members: The applicant's projected data only reflects the patient bed days and financial projections based on the 80 total beds involved in this project as noted in Supplemental #1 in response to Question 13.

The applicant's average gross charge was \$280 per day for a private room and \$270 per day for a semi-private room in 2011 as noted in response to Question 14 in Section C, Economic Feasibility, and Item 6. B. in Supplemental #1. The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics reviewed the charge data found on page 24 in the facility's *Joint Annual Report for Nursing Homes 2011 Final* and determined the charges were consistent with those reported in Supplemental #1.

McKendree Village estimates the 80 skilled nursing home beds will generate \$966,000 or 14% in Medicaid/TennCare revenue in Year 1 of the project and \$3,252,000 or 47% in Medicare revenue in Year 1 of the project, as noted on page 24 of the CON application in response to Question 9. The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics cannot compare the applicant's projected revenue from these sources with the financial data contained in the *Joint Annual Report of Nursing Homes 2011 Final* because the JAR submitted to the Office of Health Statistics does not represent a complete year's worth of data.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant reports it has a transfer agreement with Summit Hospital. The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics could not verify the existence of the aforementioned transfer agreement in the CON application.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has reviewed CN1303-007 and has verified the current number of licensed nursing home beds operated by McKendree Village totals 150, as of the current date, according to the Tennessee Department of Health, Division of Health Licensure and Regulation-Office of Health Care Facilities. McKendree Village has an approved Certificate of Need CN1202-010A for an additional 30 skilled nursing home beds bringing the total number of nursing home beds to 180 upon completion of this project.

The facility is licensed by the Tennessee Department of Health, Division of Health, Licensure and Regulation-Office of Health Care Facilities, Licensure #00000215. The date of the last licensure/certification survey was 08/22/2012. The licensure expiration date is 02/07/2014. According to <http://www.medicare.gov/NursingHomeCompare> the survey ending 08/22/2012 resulted in 9 deficiencies being cited. The average number of deficiencies cited in Tennessee was 7.2 during this survey cycle. The facility received 3 life safety deficiencies during this survey. The number of life safety deficiencies in Tennessee ranged from 0 to 16 during this survey cycle. On September 9, 2012 an acceptable plan of correction was submitted to the East Tennessee Regional Office, Office of Health, Licensure and Regulation. One deficiency, Tag F323-G regarding the failure of the facility to provide a safe environment for its residents, to prevent accidents and to assure each resident receives adequate supervision and assistance devices, resulted in a Civil Money Penalty of \$250 per day effective July 21- September 17, 2012. This deficiency was corrected as of September 18, 2012.

The applicant indicated on page 26 of the CON application in response to Section C, Item 3 that the staffing plan for the two wings of the facility impacted by this project would not change with the exception of the additional Care Team Manager FTE position.

McKendree Village did not report any training programs at present, but indicates it anticipates offering clinical education programs in the areas of nursing and social work as noted in Section C, Item 6 on page 26 of the CON application.

The renovation, and repositioning construction proposed in this application will address and improve the shared mechanical, electrical, plumbing and other building systems impacting these 80 beds. No additional nursing home beds are requested in this application.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's Health: Guidelines for Growth, 2000 Edition (2010 revision)*.

The Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics will provide responses to Specific Criteria for Certificate of Need that address utilization, need, bed data and other information maintained by the Department of Health. The narrative responses of the applicant will not be repeated but can be found in the Certificate of Need Application and such Supplemental material as provided by the applicant to the Health Services and Development Agency.

CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has reviewed the criteria for construction, renovation, expansion, and replacement of health care institutions and has determined that this CON application will not include the addition of beds, services, or medical equipment. Therefore, the Specific Criteria for Nursing Homes are not applicable.

2. For relocation or replacement of an existing licensed health care institution:
 - a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.
 - b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has determined that this CON application does not involve the relocation or replacement of McKendree Village. Therefore, the Specific Criteria do not apply to this project.

3. For renovation or expansions of an existing licensed health care institution:
 - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics has determined, based upon the CON application, that this project consists of renovation to an existing facility and does not involve any expansion of McKendree Village. The need for this project as represented in the application consists of a comprehensive renovation and upgrading of both Two South and Two North Wings of the facility to encompass the 30 dually certified nursing home beds and the 50 currently operational dually certified nursing home beds.

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

The Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics cannot provide independent verification of the existing physical plant's condition. However, the applicant does provide its own assessment of the physical plant's condition which can be found in Supplemental #1 in response to Question 7 Section C. Need 1.a. Item (3) (b).

The applicant concluded based upon the findings of its "Renovation Team" that the age and disrepair of the existing mechanical systems require what they term a comprehensive replacement that incorporates contemporary operational systems and engineering features.

Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: McKendree Village
CN1303-007

Dear Ms. Hill:

I would like to express Summit Medical Center's support for the certificate of need application on behalf of McKendree Village. Working with our patients and their families, our discharge planners often have a need to place patients needing post-acute care in a skilled nursing facility following a hospital stay. Due to its location and its excellent reputation in the community, many of our patients choose McKendree for post-acute care. McKendree has been a valuable asset to the health care community for many years.

I understand this certificate of need application proposes some changes to the physical plant, layout of the facility and distribution of beds, which McKendree has determined is needed in order to maximize its efficiency and service delivery. This appears to be consistent with the goals of need, economic feasibility and the orderly development of health care services and facilities. The benefits will be realized by not only McKendree Village and its patients, but also by hospital providers who rely on McKendree as part of their larger care network.

I appreciate the opportunity to provide this expression of support, and I urge the Health Services and Development Agency to give favorable consideration to this application.

Sincerely,



Greg Caples
Chief Operating Officer
TriStar Summit Medical Center